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NEWS SUMMARY

GENERAL

Glemp's gloomy message to Pope

Poland's Catholic Church leaders feel stalemate in the crisis, there is destroying the chances that a political settlement will end martial law.

They feel it is increasing the possibility of military clashes with the developing underground Solidarity union movement. This gloomy message was taken to Pope John Paul by Josef Glemp, Polish Primate, Cardinal Franciczek Macharski, of Krakow, and Archbishop Henry Gulbinowicz, of Wroclaw. Back Page, Walesa warning, Page 2

Saudis seek tanks

Saudi Arabia is seeking to buy Leopard tanks from West Germany Defence Minister Prince Sultan Ben Abdul Aziz confirmed. Page 3

Burial postponed

An Italian magistrate postponed the burial of Briton Jeanette May to order more pathological tests after apparently finding dried blood on her neck.

Sex inquiry date

An inquiry into claims of a homosexual vice ring at boys homes in Belfast is expected to take nine months to report.

Fighter plan

Israel is to go ahead developing the Lavie, its own fighter aircraft but has not specified how it will be paid for or how far U.S. aerospace companies will be involved. Page 3

Rapist jailed

Edward Dobson, "the Brixton rapist" who followed young women home and then attacked them, was jailed for nine years at the Old Bailey.

Legionnaires die

A plane crash in Djibouti, east Africa, killed 31 French Foreign Legionnaires and five crew during a training exercise.

Kagan takes oath

Lord Kagan, former Gannex raincoat chief, took the oath in the Lords six months after his release from prison for theft and fraud offences.

Proll freed

A West German court cut by six months the 5½-year jail term imposed on terrorist Astrid Proll two years ago. As she spent 3½ years in confinement before trial, she was set free.

Thailand appeal

Foreign Secretary, Lord Carrington was asked by Thailand's Foreign Minister to dissuade European countries from giving aid to Vietnam while its troops occupy Kampuchea. Page 3

Spanish trials

Madrid military prosecutors will seek jail terms of 18 months to 30 years for the 32 officers and one civilian soon to be tried for last February's attempted coup.

Degree awards

Broadcaster Wynford Vaughan-Thomas and Sir Monty Finniston, former British Steel chief executive, are among 19 awarded honorary Open University Degrees.

Handle with care

Police are seeking a burglar whose haul included a Second World War hand grenade—which may still be live—from a house in Swinton, South Yorks.

Briefly . . .

Sixth England-India cricket test was drawn. India won the series 1—0.

President Mitterrand will make the first visit to Japan by a French head of State on April 14.

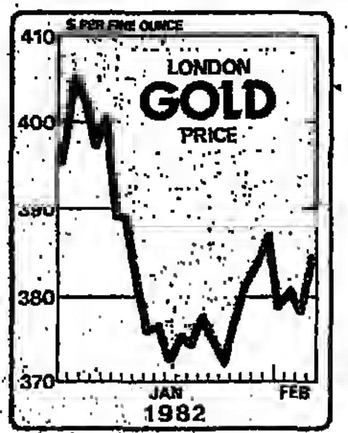
BUSINESS

Dollar falls; gold higher

● DOLLAR fell sharply in late trading on reports—later denied by the White House—that the U.S. Administration intended to take action in the next two or three weeks to lower interest rates. It closed at DM 2.3425 (DM 2.359), FFr 5.9525 (FFr 6.0075), SwFr 1.8815 (SwFr 1.895), and Y233.25 (Y234.6). Its trade weighted index was unchanged at 111.4. Page 22

● STERLING rose 1 cent to $1.87, but fell to DM 4.3775 (DM 4.3875), FFr 11.095 (FFr 11.17), SwFr 3.515 (SwFr 3.525) and Y435.5 (Y436.5). Its trade weighted index was 91.7 (91.8). Page 22

● GOLD rose $6.25 to $384.5 in London. Demand was prompted by the weakening of the dollar and doubts about



U.S. interest rate trends. In New York, the Comex February close was $386.25. Page 22

● GILTS continued to advance. The Government Securities Index gained 0.16 to 64.95. Page 28

● EQUITY leaders lost impetus after news of the Lucas Aerospace redundancies. The FT 30-share index fell 3.2 to 574.8. Page 28

● GOLD MINES index added 9.9 to 292.6. Page 28

● WALL STREET was down 5.42 to 839.61 near the close. Page 26

● EUROPEAN and Japanese central bankers called for closer co-operation with the U.S. in countering foreign exchange fluctuations. Page 2

● TALKS on the future of Laker Airways are believed to have reached a very difficult stage. Last night the Laker survival package being negotiated among bankers and aircraft makers appeared to be in jeopardy. The problem relating to the survival package are set against a background of difficult trading for the airline.

● STOCKBROKERS and jobbers will be able to join the new London International Financial Futures Exchange but only under tight financial constraints and on terms which will put them at a disadvantage to other members. Back Page

● TOKYO Stock Exchange will consider allowing foreign-owned securities houses to become mebers omf the exchange. Back Page and Lex

● NIGERIA announced the break-up of a consortium with Western oil companies formed to build a $14bn (£7.3bn) liquefied natural gas project. But the scheme will continue. Page 4

● AUSTRIA will cut by about half the gas it will import from the Soviet Union under the West Europe-Soviet gas deal.

● LLOYD'S of London chairman should resign unless he is prepared to withdraw the Bill for improving the insurance market's self-regulation, an opponent of tha Bill said. Page 9

● SMITH BROS., jobber, reported a pre-tax loss of £798,000 for the six months to October 23, against a profit of £1.41m last time. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

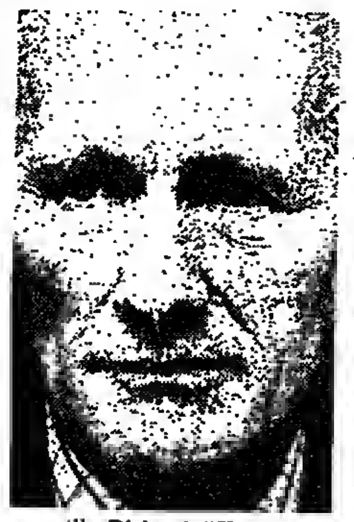
(Prices in pence unless otherwise indicated)

RISES		
Exchequer 12¼% 1994	£84¼	+ ¼
Amstrad	220	+ 15
BAT Inds	412	+ 9
Blundell-Permoglaze	107	+ 14
Cornell Dresses	172	+ 12
Croda	84	+ 10
English Assoc	195	+ 10
Glossop	82	+ 6
Highams	53	+ 7
Martin (R.P.)	368	+ 18
Roberts Adlard	123	+ 15
Securicor A N-V	212	+ 9
Smith St Aubyn	42	+ 4
Sonic Tape	51	+ 9
Vantona	132	+ 7
Driefontein	£11¾	+ ½
MIM Hlds	187	+ 7

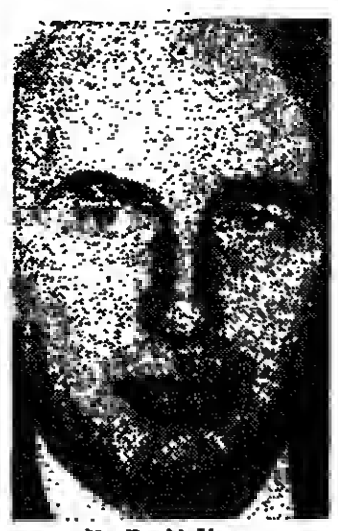
FALLS		
British Aerospace	195	− 9
Glaxo	476	− 6
Lloyds Bank	460	− 8
Lucas Inds	220	− 9
Pritchard Services	188	− 9
Royal Insurance	356	− 7
Smith Brothers	37	− 4
Smiths Inds	355	− 10
Sun Alliance	862	− 11
Vickers	167	− 6
BP	290	− 6

Government replaces O'Brien as head of Manpower Services

BY JOHN LLOYD AND JOHN ELLIOTT



Sir Richard O'Brien



Mr David Young

SIR RICHARD O'BRIEN has been replaced by the Government as chairman of the Manpower Services Commission. The move was announced yesterday in a written parliamentary answer by Mr Norman Tebbit, the Employment Secretary.

The Commission administers the Government's training and employment programmes. Its new head, taking over when Sir Richard's second three-year term of office ends in April, is to be Mr David Young, chairman of a property finance company and currently an advisor to the Government on the privatisation of nationalised industries.

Mr Norman Tebbit, the Employment Secretary, paid tribute to Sir Richard for his "outstanding personal contribution by his leadership to the work of the commission during six challenging years"—a tribute echoed yesterday by Mr Mr Young.

But it became clear that Sir Richard had not asked to be relieved of his duties, and that Mr Tebbit felt that, at a time when the Commission was being asked to take on a new training programme, it needed a new, younger chairman. Sir Richard is 62 in 10 days time, while Mr Young is 49.

In TUC circles there is a deep suspicion that Sir Richard was pushed out because of his opposition to the Government's cut in the numbers of statutory training boards, and in MSC staff.

Mr Len Murray, the TUC general secretary, said that Sir Richard had presided over a "radical improvement" in MSC services.

Less guarded comment came from Mr Chris Easterling, national officer for the Department of Employment group of the Society of Civil and Public Servants, who said: "Sir Richard has clearly been too outspoken about the unemployment crisis and about government cuts in training and services for the unemployed."

In his last letter to Mr Tebbit, sent with the draft MSC corporate plan earlier this week, Sir Richard wrote of government cuts "adversely affecting our training programmes for adults" and of his concern over the "balance of our activities."

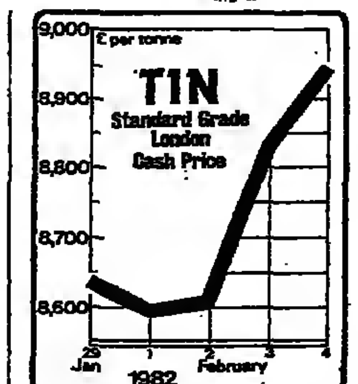
Mr Tebbit's decision to appoint Mr Young was taken without consultation with either the TUC or the Confederation of British Industry, a factor which has annoyed both organisations, neither of which saw any need for a change in the post.

The CBI sponsored Sir Richard for the post when he was appointed in 1976 by Mr Michael Foot, then Employment Secretary. Last night the CBI said it looked forward to working with Mr Young.

Continued on Back Page

Entrepreneurial businessman replaces personnel expert, Page 6

Thatcher admits jobless may reach post-war record, Page 9



Cash tin price at new peak

By John Edwards, Commodities Editor

CASH TIN rose to record levels on the London Metal Exchange yesterday, raising further doubts about the effectiveness of moves by the exchange earlier this week to avoid potential disruption of the market.

A continued shortage of immediately available supplies pushed the cash price to a peak of £8,970 before it closed at £8,945 a tonne, £110 up on the previous day.

Tin for delivery in three months fell £32.5 to £8,045.

Traders said the buying group which is believed to have been acting on behalf of producing countries, and which controls the bulk of available supplies, continued to hold off the market. This pushed the cash price higher, although buying interest was limited.

The exchange on Tuesday set a maximum limit of a £120 premium on the cash price of tin for delivery the following day to avoid sellers being forced to pay too much. However, the buying group has retained its grip on the market by failing to offer supplies for immediate, or nearby, delivery.

In Malaysia, recent statements appear to confirm that tin-producing countries are being far more aggressive

SR ANTENOR PATINO, one of the world's richest men, died of natural causes in a New York hospital this week. He was 85.

His father founded Bolivia's billion-dollar tin mines at the turn of the century. He fled to Europe after the 1952 revolution led to the nationalisation of tin mining.

Most of the family's wealth was taken out of the country in 1951.

Reports say even Sr Patino did not know the value of his personal fortune. Experts say he held incalculable interests in shipping, mineral smelting and hotels world wide, and homes and estates in Europe and North America.

PSBR may be inside annual target by £1bn

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BORROWING BY the public sector appears to be firmly under control, according to figures out yesterday. This should give the Chancellor greater room for manoeuvre to make tax cuts in his Budget on March 9.

The public sector borrowing requirement for the last three months of 1981 fell to £212m (seasonally adjusted) from £3.1bn in the previous quarter.

It indicates that the out-turn for the financial year should fall comfortably inside the Chancellor's target of £10.5bn.

According to the more optimistic city estimates the Chancellor could go into his Budget with borrowing for the current financial year perhaps £1bn less than expected.

Even if local authority borrowing in the first quarter of this year proves to be higher than usual, it appears unlikely that the borrowing target will be significantly overshot.

There is now a generally relaxed attitude to public borrowing in Whitehall mainly because Government revenue has been more buoyant than was predicted last March. This is because higher inflation has bumped up tax revenues and tax yields from the company sector have been better than forecast.

In the current financial year this extra revenue—of about £2bn—will more than match extra public spending resulting from, among other things, schemes to alleviate unemployment.

As a result it is likely that the public borrowing target will be met even though a considerable amount of tax held up by

PUBLIC SECTOR BORROWING (seasonally adjusted)	
Financial years	£bn
1978-79	9.23
1979-80	9.91
1980-81	13.19
1981	
2nd qtr	6.36
3rd qtr.	3.15
4th qtr	0.21

the civil servants' dispute last year will not be collected until 1982-1983.

The deferred tax, probably about £800m, will help to ease the pressure on the Budget. The extra buoyancy of revenues is also expected to carry through into the next financial year and to provide the Chancellor with perhaps a further £1bn.

Some of these favourable factors have already been taken into account by the Treasury during its public expenditure exercise in November. But its estimates appear over cautious, particularly when calculating the effect of assets sales on next year's public sector borrowing.

In December, the Chancellor said planned public expenditure of £115bn for next year was consistent with the Government's borrowing target, which is thought to work out at roughly £9.5bn

It looks, therefore, as if the Chancellor should have about £1bn in hand for reducing taxes, while still meeting next year's borrowing target. However, if revenues continue buoyant up to the Budget this figure could increase to as much as £2bn.

Edwards supports Pym speech, Page 9

West German steel groups plan joint company

BY JAMES BUCHAN IN BONN

TWO OF West Germany's largest steel groups announced plans yesterday to merge a large part of their steel-related work in a joint company later this year.

The announcement, by the supervisory boards of Estel-Hoesch Werke and Krupp Stahl, respectively the second and third largest West German steel companies, caps nearly two years of negotiations and will change the face of steelmaking in the Ruhr.

The two companies will combine their steelmaking, sheeting and coating operations, as well as further activities yet to be agreed, into a company in which each will have an equal share. It is expected to be called Ruhrstahl.

A full merger would create a company whose combined production of crude steel could be as high as 11m tonnes a year, making it the second largest West German steelmaker after Thyssen. This compares with the British Steel Corporation's capacity of about 14½m tonnes a year.

However, this figure may be misleading since the rationale of the plan is to cut costs through eliminating overlap and duplicated investment. It is also likely that some operations will be left out of the merger.

At the heart of the plan, strongly supported by the Federal Government in Bonn and by the regional authorities, is the notion that Krupp's troubled steelmaking division should supply crude steel to Hoesch's processing and manufacturing operations.

The new arrangement appears to remove the logic for the Estel group, established in 1972 between Hoesch and Hoogovens of the Netherlands.

Under the Estel arrangement, Hoogovens has been supplying Hoesch with crude steel. Much of this is now expected to come from Krupp instead.

A break-up of Estel would require agreement between the two partners on how to deal with the accumulated losses, estimated at well over DM 1bn (£228m), which the Dutch side attributes mainly to Hoesch.

So far there is no sign of a resolution of this problem.

Yesterday's announcement said that new investments would include construction of a 3.5m tonne-a-year oxygen steelworks at Dortmund and additional investment at a cold rolling mill at Bochum.

Surface finishing and coating of sheet steel will be concentrated at Hoesch's works at Dortmund.

Both the Bonn Government and the State government of North Rhine-Westphalia, which covers the Ruhr, have expressed willingness to put up funds contingent on a plan that will, above all, protect jobs in the Ruhr over the long term.

The two companies said yesterday that such aid would be of "decisive significance" for the new project, and particularly for financing

Social Democrats to vote for Employment Bill

BY PETER RIDDELL, POLITICAL EDITOR

THE 27-STRONG Social Democratic Party parliamentary group decided last night to vote for the Government's Employment Bill on its Second Reading in the Commons on Monday, though with considerable reservations about detailed proposals.

The party remains divided on the issue, and a handful of MPs may abstain or vote against the Bill.

The SDP decision follows one along similar lines by the Liberal parliamentary group on Wednesday night.

At a two-hour meeting SDP members tried to reconcile the party's differences about how tough an attitude to take on industrial relations legislation and about the dangers of antagonising the unions.

Dr David Owen chairman of the SDP Parliamentary Committee, said after the meeting that there was agreement that it would be wrong to abstain on such a central question.

The Social Democrats, he said, would not have introduced such a Bill, found fault in the word-

Continued on Back Page

£ in New York

—	Feb. 5	previous
Spot	$1.8630-8645	$1.8595-8610
1 month	0.15-0.20 pm	0.17-0.21 pm
3 months	0.61-0.65 pm	0.70-0.75 pm
12 months	1.80-1.90 pm	2.05-2.20 pm

Lucas Aerospace cuts 1050 jobs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LUCAS Aerospace, the UK's biggest individual manufacturer of components for the aerospace industry, yesterday announced 1,050 redundancies out of the 2,800 employed at its Burnley, Lancashire factory complex.

This decision is attributed to the recession cutting orders for airliners and engines, and to the recent "significant re-scheduling" of military aircraft contracts.

The Burnley complex is mainly involved in making parts for the Rolls-Royce RB-211 aero-engine, used in the Lockheed TriStar and other civil airlines, and on the RB-199 for the Tornado military combat aircraft.

Rolls-Royce has been hit recently by the decision of Lockheed of the U.S. to phase out TriStar production, and by the UK/West German decision to hold Tornado production to about 40 aircraft a year instead of allowing it to rise to the originally planned 60-plus.

The company said it had been seeking to widen its markets. While a number of these projects offered potential for the future, they provided no answer to the immediate problems.

"Further, any new contracts will have to be won against fierce international competition."

Talks are being held with the unions to achieve the reductions, some of which will involve early retirement.

Lucas Aerospace employs about 13,200 in its various plants in the UK. It does not envisage further redundancies.

Rolls-Royce, which builds the RB-211 and the RB-199, cut its own labour force by about 5,000 last year and reduced work from sub-contractors. It is making further job cuts this year.

Lucas Aerospace is a subsidiary of Lucas Industries. Lucas shares fell 13p to 217p on the London Stock Exchange yesterday.

BL single-sourcing will hit Lucas or Chloride, Page 6

CONTENTS

For latest Share Index phone 01-246 8026

Lukewarm response to Schmidt's economic revival proposals

BY STEWART FLEMING IN FRANKFURT

THE WEST German Government's proposed DM 12.5bn (£2.85bn) package aimed at hoosting investment and combating unemployment has been greeted with a mixture of scepticism and cynicism hy representatives of industry and commerce.

Even the trade unions, whicb have successfully led the campaign for the Government to take action against surging uoemployment, have given the proposals only a half-hearted hlessing. The West German Trade Union Federation's first statement on the programme says the immediate effects of the proposals must be reinforced with steps to create permanent jobs.

Much of the business community would concede that some poltical response to the country's record post-war unemployment levels was necessary, partly to try to counter pessimism, which itself is a harrier to investment. But the overwhelming judgoient from the corporate sector is that the steps proposed are the wrong ones.

The Federation of German Industry described the proposals as a short-term compromise instead of the longer-term growth and employment strategy which was necessary. It was relieved that the long discussion over the proposals was finally over.

The Federation of German Banks attacked the plans, saying that the proposed investment suhsidy had to be seen against the increase in value-added tax, which reduced private purchasing power, and thus the scope for capital investment, potentially bringing new problems with inflation.

The Federation of German Wholesalers said the proposals were a "self-contradictory compromise," and the German Employers Federation described the plans as "more a matter of political tactics than economic necessity."

The financing of the programme has also been widely criticised on the grounds that instead of solid financing through further hudget cutting, the Government haa sought an easy way out through raisiog taxes. The rise in VAT has particularly upset retail traders, already auffering side-effects of the domestic recession as consumer expenditure sinks

Jnnathan Carr adds: The following are the key points of the Government programme:

- Enterprises are to receive an investment grant for the whole of 1982 (backdated to January). In principle, the grant will he at a rate of 10 per cent of the cost of new machinery aod buildings in which a company invests over this period. However, only that part of the investment above the annual average of the company's investmeot over the last three years will he eligible for the grant.

The Government believes that this measure will generate roughly DM 40hn worth of private sector investment in coming years. The grant will thus cost the state DM 4hn. This and other measures will he financed partly through an increase in Value Added Tax by 1 per cent to 14 per cent from July 1, 1983.

- The subsidised credit programmes of two publicly-administered institutions, the ERP special fund and the Kreditanstalt Fuer Wideraufba (reconstruction loan corporatioo) are to be increased. New ERP loans will go mainly to municipal authorities for local investment projects. The loans of the KFW, whose capital is to be increased by DM 600m, will go chiefly to smaller and medium-sized private enterprises. These steps are expected to operate DM 6bn worth of extra investment.
- An extra DM 800m is to be spent on modernising federal Government huildings to 1985, above all on energy-saving measures.
- A total of DM 400m is to be spent to 1985 to boost existing efforts to curb youth unemployment.
- A series of changes in the laws on rent and land are proposed to encourage building of private dwellings.
- New proposals are to be examined for introducing earlier retirement — without, it is stressed, imposing an extra financial burden on pension funds.

All these steps are in addition to measures approved hy the Government late last year, also intended to boost investment and create more jobs. They include improved tax facilities for enterprises, an aid programme for the steel industry, promotion of energy—saving and support for the microelectronics sector. These measures —covering 1982 to 1985—are worth DM 27.5 bn.

INDUSTRIAL prodnction and new orders continued to stagnate during Decemher, the West German Economics Ministry reported yesterday. Coupled with a record 1.95m (8.2 per cent) unemplnyed in January, they suggest that the economic upturn is not yet in sight.

The figures tend to reinforce the views of those economists who argue that the projectinns in the Gnvernment's annnal economic report released last Wednesday conld he too optimistic. The Government auggests that real economic growth could he as much as 1.5 per cent this year.

Industrial outpnt, seasonally adjnsted, was 2 per cent lower in Decemher than in the month before, and 2 per cent helnw the level a year ago. The weakening of prodnction of investment goods is particularly worrying.

In a reent economic analysis, the Dentsche Bank remarked that there is atill no sign that the strong export demand nf the past year has revived the weak domestic economy.

Police fail to crush resistance in Kosovo

By Paul Lendvai in Vienna

POLICE in Yugoslavia claim to have destroyed 33 secret Albanian nationalist groups in the southern Yugoslavian province of Kosovo, and to have seized arms caches and large amounts of propaganda material. They admit, however, that the situation there remains "serious."

Students are continuing to cause trouble at the University in Pristina, the capital, and elsewhere, despite the severe jail sentences of up to 15 years handed out to demonstrators.

Mr Mehmet Malici, the provincial police chief, revealed that 280 people have been sentenced, more than 800 fined and some 100 are still under investigation. Nevertheless, "minor incidents" still occur. So far this year, for instance, almost 300 hostile slogans have been daubed on buildings.

The authorities blame the unrest on the "internal enemy in collusion with foreign forces above all with the Albanian intelligence service." The autonomous province of Kosovo is part of the republic of Serbia but almost 80 per cent of the 1.6m population are ethnic Albanians.

It has been under virtual military rule since last April when successive waves of violent demonstrations shattered public order.

Latest reports confirm the situation to be still highly volatile, with the great majority of the ethnic Albanians refusing to co-operate with the police. "Nin," the Belgrade weekly publication, has recently revealed that Serbs and Mnntenegrans are being attacked, their wives and daughters occasionally raped and their property destroyed.

Such "Fascist type" intimidation methods, it said, is forcing them to migrate to other parts of Yugoslavia.

There are sporadic reports about the unrest spreading to Montenegro and Macedonia where hundreds of thousands of ethnic Albanians live in compact gronps. The demonstrators, primarily young people, last year demanded republic status for the province. The Belgrade leadership has rejected this seeing it as a prelude to merger with neighbouring Alhania.

The entire political leadership of Kosovo, from the party secretary to the police chief and television director, have been removed and the Serbian republican anthorities have tightened their control over the province. But in view of the severe unemployment—only 176,000 are employed, against 72,000 officially registered workless—young ethnic Albanians are likely to remain a serious cause for concern.

The Belgrade newspapers also admit that ethnic Albanian officials and politicians in the province are often physically threatened and their cars and houses damaged by the nationalists, who regard them as collaborators.

Tha eruption of national hatred and the accelerated migration of Slavs has provoked an eqnally dangerous nationalist backlaab in Serbia and other parts of eastern Yugoslavia. The crisis in Kosovo has also whipped up nationalistic sentiments among the estimated 35,000-40.000 Albanians working in the West.

In recent months, several Yugoslav diplomatic and trade offices have been attacked by Albanian extremist groups and three politically active Albanian residents in West Germany were murdered in mysterious circumstances last month.

Appeal to U.S. over exchange rates

By John Wicks in Davos

EUROPEAN and Japanese central bankers yesterday called for closer co-operation with the United States in countering foreign exchange fluctuations.

The U.S. should be prepared to participate in discussions to find a "constructive solution" to the problem, said Dr Fritz Leutwiler, President of the Swiss National Bank and chairman of the Bank for International settlements, speaking at the European Management Forum in Davos.

There could he no return to an ioternational monetary system until Individual countries had put their own houses in order. But the world could not wait for inflation rates to subside before it tackled exchange rate fluctuations.

Expressing understanding for the position of the U.S., which had a relatively small export element In its economy, he nevertheless called for a "positive move" from Washington. The American authorities should heed the example of the European Monetary System in stabilising exchange rates despite varyiog inflation rates in member countries, he said.

Dr Leutwiler expressed disagreement with Mr Henry Wallich, on the board of governors of the U.S. Federal Reserve system, who had claimed that exchaoge rate stability could be achieved only hy global reduction of inflatioo, and was impossible as long as national inflation rates differed widely. Interventions, said Mr Wallich, could help to restore orderly market conditions, hut were unable to change fundamentals.

Sig Lamberto Dini, Director General of the Bank of Italy and vice-president of the EEC monetary committee, said that although the European Monetary System had been unable to work out a common policy towards the U.S., it had managed to co-ordinate internal policies, enabling intervention to show positive results.

The "area of co-operation" should now he expanded, he said, and the U.S. involved in discussions on exchange and interest rates.

Mr Reiichi Shimamoto, executive director of the Bank of Japan, aaid he believed the yen would benefit from lower U.S. interest rates and a lower American budget deficit. The yen should "become mucb stronger, perhaps with the belp of concerted action on the part of central banks."

At a Press conference later, Mr Wallicb said that the U.S. "did not want to make judgments as to what the right exchange rate ahould he," though it had no objections to intervention by other central banks.

Dr Leutwiler said that concerted interventions, where necessary, could be helpful in showing "that there is someone in the market who cares." The U.S. monetary authorities' participation in any joint moves would be of great psychological importance, he claimed.

Closing the forum conference, Mr Edward Heath criticised the central banks for making no suggestions on how to counter unemployment.

Wine war hots up

The "Wine War" between Italy and France intensified yesterday as both countries claimad responsibility for cancelling scheduled peace talks, Reuter reports from Rome.

The European Commission has called for an immediate injunction by the Luxembourg-based European Court of Justice to end the three-week ban on Italian wine imports ordered by Paris last Friday.

Walesa call to followers: 'Do not retreat one step'

BY CHRISTOPHER BOBINSKI IN WARSAW

Mr LECH WALESA, leader of the suspended Solidarity union movement in Poland, has warned his followers to be wary of the authorities and not to "retreat hy even a step."

In a message smuggled out of the villa outside Warsaw where he is being held, Mr Walesa warned of the Government's had faith. "This partner never was and never will be honest," he said.

On January 26, Mr Walesa was handed an internment order dated December 12, 1981. Two days earlier, the authorities had refused to permit Fr Aloyzy Orszulik to see him and say Sunday Mass.

This and the order angered the Solidarity leader who, until then, had heen told he was not interned. In the message, dated January 27, be wrote: "Public opinion at home and abroad has been duped into thinking I was not Interned and the order is dated the 12th."

He added: "This is why we must not retreat hy even a step and not allow anyooe to be eliminated, because this is their method."

This indicates that Mr Walesa is still demanding to see Solidarity's executive committee hefore talks with the Government begin even though he has reportedly asked the Church to arrange negotiations hetween the authorities and the union without insisting on any conditions.

So far, the authorities have hinted that they might permit a meeting with those of the 17-man executive who are interned but have refused to discuss a meeting with those arrested.

Those include Mr Andrzej Slowik from Lodz who is serving a four-and-a-half year prison sentence for calling for a strike In the city on Decemher 13, and Mr Jan Waszkiewicz and Mr Mlroslaw Kruplnski who have been charged with helping to organise strikes which followed the introduction of martial law.

Others like Mr Zhlgniew Bujak from Warsaw, Mr Wladyslaw Frasyniuk and Mr Eugeniusz Szumiejko from Wroclaw are being sought by the authorities and they would have to be given safe conducts.

AP adds: The martial law authorities, apparently fearing disturbances, have delayed opeoing Poland's 10 main uoiversities this week, officials said yesterday.

An official at the Ministry of Higher Education said Thursday that the opening of university campuses, originally expected yesterday or today, had been delayed at least until Monday.

The delay, he said, has beeo caused because not all achools had been prepared to "didactically and organisationally safeguard the peace of the campuses."

Last Saturday, some 3,000 youths rioted in the Baltic port of Gdansk, home of the Solidarity union. The official denled, however, that there was any connection between the riots and the delay in opening the universities.

Western anger over Poland threatens Madrid conference

BY DAVID TONGE

ONE OF the few continuing negotiations hetwen East and West could come to an abrupt halt next Tuesday when he 35 signatories of the Helsinki Final Act meet again in Madrid.

Western foreign ministers, including Mr Alexander Haig of the U.S., will stress their outrage about the military takeover in Poland at the resumed Conference on Security and Co-operation in Europe. But the Soviet Union warned yesterday that it would resist any attempt by the West to raise the Polish isaue. It criticised the "political farce" which the West was preparing and claimed that the Nato members were planning to use the Madrid talks as an opportunity to interfere in Poland's internal affairs.

Washington would also like an adjournment, mainly because it does not feel U.S. public opinion would accept continuing talks in Madrid while repression carries on in Poland.

However, the West German view is that Madrid should he kept alive as a source of daily pressure on Moscow and Warsaw. Before martial law waa imposed in Poland, the long-drawn-out review conference had been deadlocked in particular over which areas were covered by an agreed obligation by which signatories had to advise each other concerning large-scale troop movements. This was a proposed "confidence building measure" which, it was intended, would precede a major Conference on Disarmament in Europe.

By chance, Poland will he in the chair of the conference on Tuesday and procedural chaos is likely as Western countries seek to raise their concerns over Poland. Mr Haig is tenth on a provisional list of speakers prepared hy the last chairman of the conference, the Netherlands, but it is likely that Poland will seek to Impose its own list of speakers. It may also challenge existing practices hy seeking to limit the subjects raised hy speakers.

A further plenary session is due on Friday when Portugal is due to take over as chairman hut countries are divided about what they would like to happen. The neutral and non-aligned signatories of the Helsinki Fioal Act—countries such as Finland and Austria —propose a cooling-off period until the autumn.

- A left-wing memher of the West German Parliament quoted a senior Soviet official yesterday as saying that Moscow had stopped deploying new SS-20 medium-range nuclear missiles some weeks ago, Renter reports from Bonn.

Herr Ottmar Schrelner, a Social Democrat, said that Mr Vadim Zagladin, the deputy head of the Communist Party central committee's international section, gave the assurance at a meeting in Moscow on January 25.

"He told ua they bad stopped stationing SS-20s some weeks ago for an unspecified period, though they could not rule oul a resumption of deployment in the future," he told Reuters.

Herr Schreiner, who abstained when the Bundestag voted last year on Nato plans to deploy new U.S. missiles In Western Europe to halance tha SS-20a, said he did not know whether to helieve the Soviet assertion.

M Mitterrand: complaints will be aired

Mitterrand prepares for official visit to Japan

PARIS — President Francois Mitterrand will pay an official visit to Japan from April 14 tn 18, the first by a French head of state, Presidential officials said yesterday.

Enrope's complaints ahont Japanese penetratinn into several markets, inclnding cars, cameras, Televisinn sets and stereo equipment, will feature in M Mitterrand's talks with Japanese leaders, French Government officials said.

M Claude Cheysson, French External Relations Minister, told the Senate (Upper House) that the visit would aim at "developing French-Japanese relations, particularly In the indnstrial and cultural fields, and widening the area nf convergence between the two countries confronted with the identical prohlem of access to raw materials."

France's trade deficit with Japan last year totalled FFr 11bn (£947m) compared with FFr 7bn in 1980, they added.

Shnrtly after President Mitterrand's election last year, Mr Zenko Suzuki, Japanese Prime Minister, visited Parls for talks with the French head of state.

He recognised that "torrential" Japanese exports over a short period were harming European economles and said a study would be made of industrial investments and joint ventnres by European and Japanese concerns.

President Mitterrand's Sncialist Administration has taken action to reduce foreign imports, particularly from Japan and the U.S., In order to boost dnmestic industry. Reuter

Trade disputes, Page 4

Davignon spells out energy policy

BY JOHN WYLES IN BRUSSELS

A COMMUNITY energy policy which could create up to 500,000 jobs by 1985, make EEC-produced coal more competitive with imports and generally reduce the Ten's dependence on external energy supplies was outlined yesterday by Viscount Etienne Davignon, the EEC's Energy Commissioner.

Viscount Davignon, who is also Industry Commissioner and therefore preoccupied with the crisis in the Community's steel industry, believes in a scatter-gun approach when it comes to energy policy.

He revealed yesterday that the Commission has prepared or is still drafting proposals for the Council of Ministers which aim at greater energy self-sufficiency and more economic domestic production of energy.

His plans for investing in a more "rational use" of energy have already reached member governments. Essentially, he calls for an increase in such Investments from the £56bn allocated for the rest of this decade to almost £100bn.

To the Commission, "rational use" of energy means switching away from the use of Imported oil and towards coal and even industrial and agricultural wastes in energy production.

Viscount Davignon offered no hasis for bls calculation, bnt asserted that the increased investment he was calling for would create between 300,000 and 500,000 jobs by 1985 in the construction, electrical and control instruments industries.

The details of the Commissioner's strategy on coal are still awaited eagerly. But he helieved it possible to guarantee a competitive future for 210m of the EEC's 240m tonnes of annual coal production.

This will be welcomed by the miners of West Germany and the UK, who produce most of this output, and who are worried about the level of coal imports.

According to Viscount Davignon, the Commission believes that EEC producers should be able to match imported coal prices. The Commissioner did, however, back up his convictions with statistics justifying greater use of nuclear energy.

Lest he and his colleagues be suspected of fellow-travelling with the pro-nuclear lobby, the Commission has employed outside consultants to establish the fact that electricity produced by nuclear power is between 30 per cent and 90 per cent cheaper than that produced by coal.

The oil-based product is between 100 and 150 per cent more expensive than nuclear-powered electricity.

Dutch unions protest at plan for sick pay cuts

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH UNIONS yesterday hegan a series of short work stoppages In protest against Government plans to reduce sickness benefits. They promise massive resistance against the proposal to cut benefits to only 80 per cent of previous earnings.

The Government would save Fl 1.4bn ($292m) a year under the plan, which it hopes to have on the statute hook by April 1. The proposals have widened further the gap between the unions and the Labour Party, one of the three parties in the centre-left coalition Government.

Relations have already been strained by the Government's decision to continue wage controls for a third successive year in 1982.

The two major union organisations, the 1m-member Netherlands Trade Union Confederation (FNV) and the 304,000-strong Christian Trade Union Federation (CNV), have both criticised the plan to cut sickness benefits. Memhers of the Industrial Workers' Union, one of the most radical unions affiliated to the FNV, yesterday began one to three-hour stoppages in a number of engineering plants and shipyards. Further action is planned for today.

The FNV has threatened strikes in April if the employees comply with Government legislation. Tbe draft Bill has still to be debated in Parliament, but it is already clear that a majority of MPs support it.

The unions are concerned that the new legislation would overturn many existing, legally binding wage agreements, which guarantee sickness payments at the same level as previous earnings.

The latest row between Ankara and Athens poses problems for the West, write **Metin Munir** and **David Tonge**

Aegean diplomatic storm upsets allies of Greece and Turkey

GREECE AND Turkey have now begun to worry their allies almost as much as they disturb each other. Recent weeks have seen a crescendo of insults traded between the ruling generals in Ankara and the staunchly nationalist government of Dr Andreas Papandreou.

"So far it is just shadow boxing, but the underlying problems are serious. We have to stop them developing," one Western diplomat comments. For the latest rows over the long-trouhled Aegean not only raise the distant prospect of confrontation between the two countriea, hut also the whole issue of Greece's future relationship with the North Atlantic Treaty Organisation.

The wine dark waters of the Aegean have proved a hattleground ever since Agammemnon led his forces to Troy. Six yeara ago, the two countries came to the hrink of opeo hostility over their rival claims to the continental shelf: Dr Papandreou hit the headlines then hy calling on the Greek armed forces to take "dynamic action" against a Turkish survey ship.

Now that he has come to power, Dr Papandreou's policies have led to Turkish complaints that they are "uncompromising, opportunist and negative," as Mr Ilter Turkmen, the country's Foreign Minister said last week.

To reinforce his point, Mr Turkmen had his ambassadors in Bonn, London and Washington tell his major allies that Greece was planning virtually to close the Aegean to Turkish ships, a move Turkey has said it would consider a *casus helli*.

The amhassadors maintained that Turkey had "evidence" that Greece would extend its territorial waters from the present six-mile limit to 12 miles.

Greece's 3,000 islanda in the Aegean mean that such a move would increase its area of sovereignty from 35 to 64 per cent of the sea, cause international waters to shrink from 56 to 26 per cent, and weaken Turkey's lines of communications between its ports.

Turkey's allies have no information to support Ankara's fears, hut say they are looking on with increasing anxiety as Dr Papandreou's Socialist Government has hammered Nato and EEC tables to emphasise that "Turkish expanionism" is the main threat to Greece's security.

The Greek demand that Nato should guarantee its borders against an attack hy Turkey caused the alliance's meeting of defence ministers in Decemher to end without agreement on a communique—the first time this has happened in the alliance's 33 year life.

Athen's new assertiveness has gone down well in Greece and reflects the deep fears of a country now spending nearly 7 per cent of its gross national product on defence. However, it has caused Ankara to shelve hopes that Dr Papanderou would be restrained by the responsibilities of office.

Turkish leaders had responded to Dr Papandreou's unwelcome victory by offering what the Greek Prime Minister had described as "an olive branch." They had kept relatively quiet when his government programme maintained some of the anti-Turkish tone of the clection campaign.

But the quarrels at the Nato meeting led Admiral Bulent Ulusu, the Turkish Prime Minister, to conclude that Dr Papandreou "unfortunately lacks both the intention and will to solve Greece's problems with Turkey peacefully hy means of negotiations."

The main ray of hope for the two countries' allies has been that, as Ankara has increasingly squared up to Athens, Dr Papandreou has apparently hegun to restrain his own side's rhetoric.

For example, an January 15, the Greek newspapers headlined reports of a Greek protest to Ankara against a Turkish gunhoat's audden violation of Greek territorial watera and disturbance of a Greek ferry. The next day, Athens sought to calm fears of confrontation hy saying it had been warned about the ship—which seems to hava been trailing a Soviet vessel.

However, reports of tough Turkish statements continued, as did one that the Turks might send a seismic vessel in May to Greek controlled areas west of Lesbos, Samos, Cos and Rhodes. This raised Greek fears that their outlying islands could find themselves one day cut off from the Greek mainland.

But on January 25, Dr Papandreou came out insisting that there was no crisis and that the hanner headlines were only causing harm, particularly in Cyprus, where both sides have been accusing one another of military moves.

However, Graek suggestions that the Turks have brought in 7,000 troops to reinforce their existing 19,000 in Cyprus have proved as unfounded as Turkish rumours that the Greek Cypriots had distributed Czech arms held under United Nations supervision or even that Dr Papandreou was pouring Greek soldiers into the divided island.

The only proven development is that the Greek Cypriots have added a few armoured cars to their outgunned and outmanned forces. Intercommunal talks have been making little progress.

Those close to Dr Papandreou question his negotiating strength in the light of the concessions in the Aegean which they feel Greece has won in the past two decades. Bnt they warn that ultimately the issue could decide Greece's future relationship with Nato itself. They say that the Greeks see the alliance in general, and Washington in particular, as offering arms to the country they perceive as their major threat, while it fails to satisfy the Greeks' own security needs.

The Greeks' precise policy over matters such as military command and control in the Aegean is still unclear, hut tha questions raised by the Aegean now have Western chancelleries wondering what to do oext.

For Dr Papandreou has dropped a hint that he could block procedures to bring Spain into Nato as the alliance's 16th member. He also has the possihility of tying his demand for security guarantees to the future of the major U.S. hases in the country. Negotiations on the future of these are to start in four months.

As one man from Dr Papandreou's inner circle says: "Surely it is cheaper for Washington to guarantee our frontiers than risk its bases."

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W. Germany ready to sell tanks, Saudis claim

BY IHSAN HIJAZI IN BEIRUT

PRINCE SULTAN BEN ABDUL AZIZ, the Saudi Defence Minister, has confirmed that the country is seeking to buy Leopard tanks from West Germany.

The Prince disclosed that West German leaders had offered the Leopard tank to Saudi Arabia, and that the offer was accepted.

His statements, published in the magazine Al Hawadess, coincided with the arrival in Saudi Arabia of the U.S. Defence Secretary Mr Caspar Weinberger, visiting the kingdom for the first time.

Mr Weinberger will also visit Jordan amid speculation among Arab diplomats that Washington is now more favourably disposed towards Jordan's military requirements. The Reagan Administration recently showed concern over a Jordanian deal with the Soviet Union under which Moscow agreed to sell Amman surface-to-air missiles. King Hussein, during a visit to Washington last year, emphasized that the deal was a one-time arraogement.

Prince Sultan said yesterday that if Mr Weinberger had more weapons to offer Saudi Arabia, "We are ready to consider them."

The Saudi Air Force last month took delivery of the first batch of American-built F-15 fighter jets. Sixty of the sophisticated aircraft were purchased as part of tbc $8.2bn deal which includes five Airborne Warning and Control (AWACS) radar aircraft.

Last week, Saudi Arabia and France concluded an agreement for French military supplies and technical assistance for modernizing the Saudi navy.

Prince Sultan said a joint Saudi-Frencb military co-operation committee will meet twice a year, while the Defence Ministers of thc two countries will excbange visits once a year. The agreement was signed *during a visit to Riyadh* by M. Charles Hernu, the Freoch Defence Minister.

Asked about the relationship between the Saudi regular troops and the National Guard, commanded by his half brother Prince Abdullah, Prince Sultan *emphasized they form an* integral part of the Kingdom's armed forces. He added that a draft plan for expanding the country's "consultative council" an advisory body to the king, was almost ready.

Israel to go ahead with Lavie fighter aircraft project

BY DAVID LENNON IN TEL AVIV

ISRAEL announced yesterday that it intends to press ahead with the development of its own fighter aircraft, the Lavie, without explaining how this vastly expensive project will be funded, or how much involvement there will be by American aerospace companies.

The Lavie project was originally approved by the Cabinet two years ago, but last year Mr Ariel Sharon, the Defence Minister, suspended development work while he reviewed the project. His major concern is believed to have been the research and development coats, estimated at up to $2bn (£1bn).

Israel recently held talks with McDonnell Douglas, General Dynamics and Northrop about co-producing a U.S. fighter instead of the Lavie, which would have reduced the overall cost and the risks of the project, and attracted American aid.

It would also, however, reduce the number of jobs generated in Israel, one of the crucial factors in the equation.

The Finance Ministry has already stated that it will not be able to pay for the Lavie project snd the Defence Ministry has expressed doubts that the work can be funded from the defence budget, which may explain tbe decision to seod the team of negotiators to the U.S.

The Defence Ministry announcement yesterday also said that the planned next generation Isareli fighter will be powered by the Pratt and Whitney PW1120 engine, which is to be built under licence in Israel at the Beit Shemcsh engine works.

More than $50m has already been spent on preliminary development work on the Lavie, the coocept of which has changed a number of times over the years. Officials now claim that a prototype could be flying by 1985 and that the aircraft could be rolling off the production line by the end of the decade.

The Lavie is intended to be a versatile "work horse" fighter bomber, replacing the Israeli Air Forcc's ageing Skyhawk and Mirage aircraft as well as early models of thc locally-produced Kfir, a Mirage hybrid. The Air Force is likely to need around 300 Lavies.

Aircraft manufacturers who have expressed willingness to participate in the Lavie project are believed to be linking this to an Israeli commitment to buy U.S. fighters as the spearhead of the Israeli Air Force in the 1990s.

Rigbt: Mr Sharon

Torture denied

ISRAEL yesterday rebuffed charges in a United Nations report of torturc of Arab prisoners and said it was the only country in the world which allowed prompt and regular Red Cross visits, Reuter reports from Geneva. Israeli ambassador Mr Ovadia Soffer told the UN Commission on Human Rigbts that allegations of ill-treatment and torture in the report of a special committee were spurious and hypocritical.

S. Africa resorts to IMF credit

By Bernard Simon in Johannesberg

Sonth Africa has arranged to borrow from the International Monetary Fund (IMF) for tbe first time in six years. *The move is a clear indication* of the country's weak balance of payments.

Mr Owen Horwood, Minister of Finance, said yesterday tbat the funds totalling R115.2m (£63.3m) are Sonth Africa's share of the IMF's "reserve tranche."

In addition, the Reserve Bank has negotiated the use of R107.4m of its reserves, held in tbe form of Special Drawing Rights. Tbe arrangements "are part of the Reserve Bank's *action* to obtain foreign bridging finance," Mr Horwood said.

South Africa's foreign exchange reserves bave been under pressure for several months as a resnlt of the weak gold price, stagnant non-gold exports, and abnormally higb import payments.

Reserves, net of sbort-term borrowings by the Reserve Bank, fell by more than R2.5bn last year. The current account has swung from a R2.8bn surplus in 1980 to a R4bn deficit last year.

Tbe Reserve Bank "swapped" a quarter of its gold holdings, totalling 3.1m ounces, with foreign banks late last year in excbange for badly-needed foreign currencies.

Thailand appeal for ban on aid to Vietnamese

BY KEVIN RAFFERTY IN BANGKOK

AIR CHIEF MARSHAL Sibbhi Savetsila, Thailand's Foreign Minister, yesterday asked visiting Britisb Foreign Secretary, Lord Carrington, to use his influence to dissuade European countries from granting even modcst levels of aid to Vietnam.

Thailand is disappointed that both France and the EEC have decided to provide Hanoi with aid. France bas awarded a FFr 200m (£20m) credit, and the Commission voted late last year, against tbe objections of five countries including Britain, to make available £175,000 to non-goveroment groups such as Oxfam, at a time wben Britain was chairman of thc Council of Ministers.

The view of Thailand and other members of the Association of South East Asian Nations, grouping Indonesia, Malaysia, tbe Philippines, Singapore and Tbailand, is that Vietnam should not be given assistance wbile its troops are occupying Kampucbea.

As tbe front line state, separated from Kampuchea and the invading Vietnamese forces by the Mekong River, Thailand is the most worried of *all* the Asean countries.

Air Chief Marshal Sibbhi and Lord Carrington also discussed bow to woo Vietnam away from the Soviet Union's domination snd bow to keep the pressure on tbe Khmer Rouge to make them realise that they need Asean as much as Asean needs them.

Officials in Bangkok went out of their way to play down suggestions that Asean is in disarray after the Malaysian Prime Minister, Dr Mahathir Mohamad, warned that his country might withdraw support from tbe Khmeh Rouge at the United Nations.

"Dr Mahatir might have been throwing a pebble in the pond to test tbe ripples, but not a rock," one official said.

Lord Carrington is to visit a Kampuchean border refugee camp today.

● The British Foreign Secretary also asked tbe Thai Foreign Minister abont the progress made towards promulgating the double taxation agreement ratified by Britain and Thailand in October.

Until this is promulgated in Thailand, Britisb companies cannot take advantage of tax concessions in the agreement.

Francis Ghiles finds Algeria has a new sense of sobriety

Desert state breaks with economic past

GONE ARE the days when Algerian leaders boasted that they would turn their country into the Japan of Africa before the year 2000.

No longer does El Moudjahid, the semi-official daily newspaper boast that the El Aurassi hotel in Algiers is the best run in Africa, a claim so far from the truth that it became a favourite joke among the hotel's staff.

Visitors today are spared the long lectures they used to endure from earnest senior officials about the quality of Algeria's industrialisation process.

The officials are as articulate as ever, but—if anything—even more serious. President Chadli Bendjedid's three years in office have ushered in a reappraisal of earlier economic development plans and a mood of greater sobriety.

This reappraisal has highlighted a number of problems and brought a shift in emphasis in many sectors. Its major conclusion is that the previous concentration on investment in heavy industry had resulted in what the new leaders feel to be an unacceptable high level of foreign debt.

During the middle and late 1970s, Algeria was borrowing at an annual rate of between $3bn and $4bn. Foreign debt had reached $23bn (£12.7bn) by the end of 1979, almost three quarters of which had been disbursed. At the same time, the debt service ratio had doubled to 33 per cent of exports of goods and services in the three years to December 1979.

However, Algeria's external finances bave now improved. It has reduced its foreign debt to about $15bn., of which $11bn is drawn down. The debt service ratio has also declined to 25 per cent.

This is partly due to a moratorium announced at the end of 1979 on large new industrial projects. It is also due to the five year development plan, launched just over a year ago, which concentrates on optimising resources and improving low industrial productivity.

The plan provides for investments worth Dinars 560.5bn (£72bn) by the end of 1984, but £20.5bn of this is earmarked for projects which will not be implemented during the plan's life. Half of this balance is for projects started before 1980.

Algeria also plans to continne the policy it introdueed two years ago of borrowing no more from international capital markets. However, this year, the Central Bank will concentrate on negotiating more advantageous terms for existing major loans.

Another helpful factor is that Sonatrach, the state oil and gas company has been more successful last year than other African oil producers in maintaining its export income.

In spite of a cut of one third in oil exports, Sonatrach earned nearly $15bn thanks to a large increase in the *sales of condensates* and refined products. This represents a 10 per cent increase above the 1980 level.

Sonatrach's income will be considerably boosted by about $1bn to nearly $16bn a year by the agreement on new gas prices worked out with France earlier this week. The agreement will more than double, to 9.1bn cu m, the annual sale of Algerian gas to France and increase the price Sonatrach receives for it by about one-third to $5.10 per million British Thermal Units (BTU) of gas.

President Chadli: development reappraisal

HYDROCARBONS EXPORTS (estimated)

($bn)	1980	1981
Crude oil	9.4	8
Condensates	1.3	2.6
Refined products	1.8	2.8
LNG	9.8	1.1
LPG	1.2	4.4

The agreement falls short of Algeria's request for oil-gas parity which would have dictated a fob price of $6.11 per million *BTUs.*

The agreement is expected to be followed by a resumption of negotiations between Algeria and Italy, which would like to import 12bn cu m of gas annually through the now completed trans-*Mediterranean* pipeline across the Straits of Sicily.

Improving the level of agricultural production is another aim of the new economic policy. The food import bill reached $2.3bn in *1979*, and with a population *growing* at an annual rate of 3.2 per cent further falls in output would be disastrous.

Mr Chadli has allowed private and State farmers to sell directly to consumers to counter this. Free markets have sprung up selling fresh meat, fruit and vegetables, products which had virtually vanished during the final years of tbe late President Houari Boumedienne's rule. Prices in the free markets are higher than in State shops, but most Algerians can well afford the difference.

Reforms being promoted in the running of state industries are equally important to Nigeria's economic future. Industrial development has not *led to a steady flow of prodncts* needed in the domestic market, wbile bottlenecks and performance failures are rife. Although many new jobs bave been created, there is an acute shortage of skilled labour.

The new economic policy also seeks to decentralise what have often become unmanageable and sometimes corrupt state machines by pcomoting greater participation in making and implementing decisions among lower echelons. The difficulties, however, are considerable, particularly ss Boumedienne supporters are still being purged, three years after his death.

Algerians are certainly grateful that the "drive for a better life" has improved the volume and quality of goods they can purchase, made cities—cleaner, and eased the chronic housing shortage.

But Mr Chadli still does not exercise the undisputed power of his predecessor. The orgy of self criticism which Algeria is enduring can be healthy so long as it does not last too long.

Restructuring plan for Rockefeller complex

BY PAUL BETTS IN NEW YORK

NEW YORK'S Rockefeller Centre, one of Manhattan's best-known and most expensive pieces of real estate, could soon be at the centre of a multi-million dollar property deal.

Rockefeller Centre Inc (RCI), which is owned by trusts set up for the descendants of John D. Rockefeller, the Standard Oil billionaire who built the famous complex in mid-Manhattan in the 1930s, confirmed yesterday that is was discussing with Lehman Brothers Kuhn Loeb, its investment bankers, "a possible restructuring of a portion of RCI's interest in the original Rockefeller Centre buildings."

Although RCI declined to elaborate, real estate and institutional investors claim the restructuring could involve the sale of a half interest in the centre's original 14 buildings between 48th Street and 51st Street and between Fifth Avenue and the Avenue of the Americas.

Others are speculating that the deal might involve a package similar to the recent $500m (£250m) refinancing deal arranged by General Motors for its landmark New York building on Fifth Avenue overlooking Central Park.

General Motors last month granted a real estate investment company called CPI an option to buy the GM building in return for $500m in a medium-term private loan at a favourable interest rate.

Any deal involving a half-interest in RCI's 14 buildings in the original Rockefeller Centre complex is expected to involve at least $400m, probably much more.

The buildings, which have been described as among the finest examples of an urban centre, and which stand around the Rockefeller Plaza ice-rink, include, among others, the landmark RCA Skyscraper which houses tha Rainbow Room and the Radio City Music Hall — two famous examples of American art deco.

Most of the land on which the buildings stand is owned by Columbia University of New York. The land itself is not for sale. RCI holds long leases from Columbia University, which earns the university about $10m in annual rent a year. The leases carry renewal options to the year 2069.

RCI also owns six other buildings in the neighbourhood, built after the Second World War. These buildings, which include, among others, the Exxon Building and the McGraw-Hill Building on the Avenue of the Americas, are not part of the proposed restructuring plan.

It is unclear why RCI and the Rockefeller trusts are proposing to restructure their interest in the original Rockefeller complex.

One reason may be related to the current state of Manhattan real estata, which after peaking in 1980 with the $400m sale of the Pan-Am building, has levelled off, especially for office property.

Presidents who had it taped

By Anatole Kaletsky in Washington

THE DANGEROUS habit of taping anything and everything that went on in the White House Oval Office was not conceived by former President Richard Nixon, it emerged yesterday, as a result of an article in the Washington Post.

President John F. Kennedy is now known to have secretly taped political meetings and personal conversations during his last 16 months in office.

The subjects range from the Coban missile crisis to a call from a Look photographer concerning one of the President's female aides. But even President Kennedy was not the originator of the taping tradition. President Franklin D. Roosevelt, too, was using tape-recorder technology to tape some of his White House conversations, unbeknown to the participants.

The Kennedy tapes, now kept in the Kennedy Library in Boston, are heing transcribed.

Reginald Dale, in Washington, previews Monday's U.S. budget

Reagan sticks to his fiscal guns

PRESIDENT Ronald Reagan has already made it abundantly clear that the budget proposals he submits to Congress on Monday will contain more of the same supply-side medicine which he has been doling out since his arrival in the White House just over a year ago.

A number of things could have combined to induce him to veer from his course, such as the recession, which is proving deeper and longer than the Administration expected, the continuing high level of real interest rates, mounting unemployment, and the prospect of record budget deficits in the years ahead.

But he is sticking to his guns, as much, it is suspected by many in Washington, for ideological as for economic reasons.

So, next Monday's 1983 budget message is likely to sound familiar to Reagan watchers. There will be further proposals for spending cuts—of about $30bn (£16bn) according to most predictions — on top of the $35bn which he persuaded Congress to make last summer. A knife will be applied to social programmea which have hitherto escaped, or only been lightly touched, but military spending will continue to rise by leaps and bounds, and there will be no tax increases.

He is now resigned to a record fiscal 1982 deficit of something approaching $100bn, to be followed, he hopes, by only a gentle decline in 1983 and 1984. Deficits, the Administration now argue, are only inflationary if they are financed in the wrong way—and interest rates would be lower if the Federal Reserve was slightly more efficient in the management of the money supply.

With a little hit more pstience, Mr Reagan says, it will all start to come right. Inflation is already well down and recovery is set for tha second quarter, or, well, perhaps the third quarter. The next 10 per cent cut in personal taxation, on July 1, will give the upturn a major shot in the arm, and by late summer Republicans will be able to start campaigning for the November mid-term elections on the strength of solid economic success.

Even, however, to keep the deficit below $100bn, Mr Reagan will have to produce some fairly hefty savings. Some of these are to be achieved through "new management initiative" which could, according to aome administration officials, save between $5bn and $10bn.

The savings will come from better debt collection on government loans, speeding up tax payments, better management of federal property, higher revennes from offshore oil and gas leasing and changes in procurement policies.

They will also apply to defence spending, which is again threatening to exceed the estimates, as Mr Reagan re-arms the U.S. to be able to deal with the Soviet Union from a position of strength.

According to bndget documents leaked this week Mr Reagan is also planning to go for cuts of up to $12bn in 1983 in the big entitlement programmes. This would rise to $16.5bn in 1984 and $33bn by 1987. But social security, on which Mr Reagan burned h[...] fingers last year, would not [...] touched.

The question is whether [...] can get away with it. In [...] election year, it will be har[d] to reassemble the coalition [...] Republicans and right-wi[ng] Democrats with which he for[ced] last year's budget through t[he] Democratic-dominated House [of] Representatives.

There is increasing unease [on] Capitol Hill at the linking [of] cuts in social programmes wi[th] rapidly increasing milita[ry] expenditure.

Even some Republicans, how[ever], no wadmit that Congres[s] is likely to go for cuts in defenc[e] appropriations, for which M[r] Reagan is expected to propo[se] more than $255bn in 1983—b[y] far the largest amount ever.

Outside Mr Reagan's inne[r] circle, few people really belie[ve] that there is no fat to [be] trimmed at the Pentagon. Fe[w] of the Republicans who face [re-]election in November rea[lly] want to campaign exclusively [on] a "big guns, big busine[ss]" ticket.

Economic shadow over Costa Rican election

BY WILLIAM CHISLETT IN SAN JOSE, COSTA RICA

COSTA RICA, the showplace democracy in turbulent Central America, goes to the polls on Sunday amid chronic economic problems, which threaten to engulf the tiny coffee-producing country in social strife.

Tha republic, once known as the "Switzerland" of the region because of its stability and prosperity, is now bankrupt. It has been living beyond its means at a time when the country's export prices are low and the cost of imports, particularly oil, has soared.

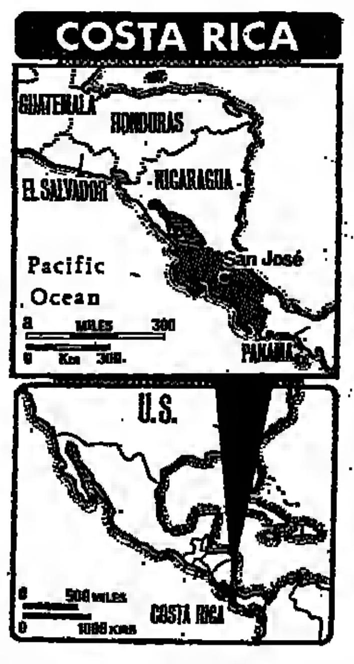
In the four years since the present Centrist Government of President Rodrigo Carazo came to power, the country has fallen about $450m (£242m) behind on interest and capital payments on its $2.7bn public sector foreign debt. The colon has been devalued by more than 400 per cent in 14 months, international reserves are in the red to the tune of $200m, after being $191.6m in the black in 1978. Some 20 per cent of the labour force is jobless or unemployed, while inflation has increased fivefold to 117 per cent over the last year.

Although Costa Rica has free education and health care, it does not provide unemployment benefits. The hard time ahead, after prosperous years in which social welfare has been the hallmark of successive governments, is bound to cause social strain.

There have already been acts of terrorism by Left-wing guerrillas and the Government is increasingly unpopular.

Meanwhile, the Government is arguing bitterly with its international bank creditors, who have an exposure of $1.1bn and will not make any new loans until the interest on the old ones is paid. But Costa Rica says it can only repay the interest by borrowing new money.

Six political parties are competing to inherit this mess. All the polls say that Sr Luis Alberto Monge and his social democratic National Liberation Party (PLN) will be swept to office. Under the constitution, Sr Carazo cannot run again for office.



In a country where people are not afraid to declare their political sympathies, the overwhelming number of green and white PLN flags flying from brightly painted homes appears to confirm the polls' prediction of victory for Sr Monge, who is 56.

Sr Monge's main rival is Sr Rafael Calderon, the former Foreign Minister. He is backed by the same four conservativa parties which supported Sr Carazo in 1978, when he defeated the PLN. On the Left is the Costa Rican Communist Party, which gets about 5 per cent of the vote.

One of the key issues in the election is the Carazo Government's dispute with the International Monetary Fund (IMF). The fund wants to come to the country's rescue, but will not step in until the Government accepts austerity measures—like raising petrol and utility prices —which it has so far refused to do.

The IMF holds the key to Costa Rica's economic recovery, but the Government has broken three agreements with it in less than two years. Last year, it closed the IMF office in San Jose, the capital, after falling out with the fund's representative there.

Commercial banks have made it clear that they will not reschedule their deb[t] [...] IMF agreement is wo[rked out] [...] World Bank will not rel[ease] [...] soft loans until there [is an IMF] deal.

Since the new governme[nt] will not take office until Ma[y] there are widespread fears th[at] this three-month gap w[ill] aggravate the crisis.

Other stumbling blocks to [a] new agreement with the fu[nd] are the Government's resistanc[e] to the IMF's conditions that [it] should trim more fat from [its] budget deficit (one in fi[ve] employed Costa Ricans is [a] bureaucrat) and that it shou[ld] introduce a unified exchan[ge] rate in place of the prese[nt] chaotic multiple system.

"Here we have a patient o[n] a diet because he cannot affor[d] to eat, and the IMF wants [to] stop food altogether," Sr Jos[é] Miguel Alfaro, the vice pres[i]dent for the economy, said [in] an interview. "A rigid patter[n] would provoke chaos. They loo[k] at us like a balance sheet."

The future is bleak for Cos[ta] Rica and the crisis is only no[w] beginning to register with th[e] public.

Ford Motor wants pay freeze and holiday cuts

BY RODERICK ORAM IN NEW YORK

FORD MOTOR is asking its blue-collar workers to take a cut in holidays and a 15-month freeze on cost-of-living increases to help turn round its heavily loss-making operations.

Despite some United Auto Workers leaders' tough public comments, hard bargaining continued yesterday in an atmosphere that seemed more constructive than last week's abortive negotiations on General Motors' proposals to cut labour costs.

One hopeful sign was that the UAW has still to set a deadline for the conclusion of negotiatioos with Ford.

Ford's four main requests, submitted to the union on January 15 but only just disclosed publicly, are: an eight-day cut in "paid personal holidays;" (from 26 days over three years); a one-week cut in regular holidays of between two and four weeks; a freeze on cost-of-living increases until June, 1983; and a substantial slowdown to five years in a worker's timetable to full pay.

In exchange, Ford is offering a one-year moratorium on plant closures with certain provisos. It will guarantee some income for life for those workers who lose their jobs after 15 years with the company.

Ford will also set up a profit-sharing programme, the details of which remain undisclosed, and increase its pay to laid-off workers from one year to two.

UAW leaders expressed interest during the GM talks in Ford's job security proposals, because the company has cut its blue-collar workforce by a third to 106,190 over the last two years.

The union has said it will not take a cut in current take-home pay, but will consider foregoing future increases.

Venezuela oil price cuts may cost $2bn

By Kim Fuad in Caracas

THREE SUCCESSIVE cuts in Venezuela's oil export prices since the beginning of the year could trim some $2bn (£1.1bn) from estimated oil income in 1982, according to Energy Ministry estimates.

Petroleos de Venezuela, the state oil monopoly, announced an average 70 cents a barrel reduction in high sulphur residual fuel oil prices on Wednesday. Earlier, cuts had been made in both residual fuel oil prices and heavy crudes.

Energy Ministry estimates of the projected impact of the reductions to date over the rest of the year indicate a possible 10 per cent cut in the estimated total oil sales income of about $20bn in 1982.

Venezuelan exports at present are running at about 1.6m barrels a day, almost 10 per cent under planned levels.

WORLD TRADE NEWS

Nigeria announces break-up of LNG consortium

LAGOS—Nigeria has announced the break-up of a consortium with Western oil oil companies formed to build a $14bn (£7.3bn) liquefied natural gas (LNG) project, but says the government will press on with the scheme.

A statement by the President's office yesterday said the consortium, Bonny LNG, was going into voluntary liquidation for purely legal and financial reasons.

This formal measure "in no way implies that the government intends to abandon the development of Nigeria's abundant natural gas resources," it said.

"Once the necessary plans have been completed a new company would be set up to prosecute an LNG project that is clearly in Nigeria's interests and with groups with whom we share a common interest," the statement said.

The decision follows withdrawal from the scheme by project managers Phillips Petroleum of the U.S. last October and, the government says, withdrawal this week by British Petroleum.

A senior government official sited escalating costs and a weaker world gas market among reasons for the decision, adding that BP's withdrawal would mean fewer other parties to bear the higher costs.

The group comprised BP and the Anglo-Dutch Shell Group, each with a 10 per cent interest. Italy's Agip (7.5 per cent), Phillips (7.5 per cent) and Elf of France (5 per cent). The Nigerian National Petroleum Corporation held 60 per cent.

The official said Nigeria remained datermined not to drop the Bonny project, conceived to liquefy Nigerian gas and sell it in Europe or the U.S.

"We certainly don't regard this as the end of the project. There is a lot of concern that this should not be interpreted as the end of it," he said.

Nigeria is already seeking financial, legal and economic advice on how it should be altered to make it viable, and consultants have been asked for proposals.

Oil industry officials in Lagos said there were three possibilities—to phase the project into parts, to cut shipping costs by asking other partners or buyers to provide vessels, or to ask buyers of the gas for payment in advance.

Reuter

Reagan given power to retaliate

By Paul Cheeseright, World Trade Editor

GROWING dissatisfaction in Washington over the U.S. role in the trading system spilled into the Senate yesterday when a Bill to give the President power to act against countries with closed markets was introduced.

The Bill gives the President wider authority to retaliate against countries which do not provide U.S. suppliers of goods and services the same degree of access which the U.S. gives them.

It also extends the authority for action against countries which do not give U.S. investing companies the same treatment as that given domestic companies.

The legislation, introduced by Senator John Heinz, a Republican from Pennsylvania, found an early co-sponsor in Senator Robert Dole, a Republican but from Kansas and chairman of the Senate Finance Committee.

The Bill is the most striking example, so far, of the general demand for "reciprocity" which has emerged in recent months as an antidote to the frustration tha Reagan Administration and Congress feel about Japan's trading policies.

Reciprocity has so far defied precise definition but is usually taken to mean that the U.S. should have "substantially equivalent competitive opportunities" in return for the access that it gives other nations to its market. If such equivalence is not granted then the U.S. should take action.

The Heinz bill is directed against Japan in the short term, but is also designed to exert pressure over the long term on developing countries.

It does not commit the President to take action, but extends his authority to do so. His authority is already extensive, but is usually confined in use to specific cases where the U.S. investigative process, under the 1974 Trade Act for example, has shown competitors' trading practices to be unfair.

The Reagan Administration has not committed itself to support "reciprocity" legislation. But it is thought that, if it does, it would want the law to be built around precisely the element of discretionary authority the Heinz bill embraces.

COMMISSION POISED TO TAKE ON U.S. AND JAPAN

EEC prepares to tackle trade disputes

BY GILES MERRITT IN BRUSSELS

PLANS for tackling the EEC's trade disputes with both Japan and the U.S. are being prepared by the European Commission, senior officials indicated yesterday.

In the case of Japan, a blueprint for stemming Japanese trade pressures on European markets and reducing last year's $15bn (£7.8bn) trade gap will next week be put to the 14-member Brussels Commission and is expected to be forwarded to EEC Foreign Ministers when they meet February 22.

At the same time, Commission external trade officials have prepared a counter attack against U.S. protectionist measurea launched a month ago by U.S. steelmakers against the leading steel producers of seven EEC member states.

When a team of three EEC Commissioners hold two days of talks in Washington beginning on Monday, they are due to attack the legal basis of the 40 U.S. anti-dumping and countervailing duties suits.

Officials are describing the U.S. actions over steel as "massive harrassment" of the EEC, and at next week's trade talks it will be made clear to the U.S. Government that Brussels will be looking for grounds under the tha subsidies code of the General Agreement on Tariffs Trade (Gatt) to challenge rulings by the International Trade Commission that infringe Article 23.

Should such an infringement occur, the EEC would seek tariff concessions from the U.S. under the terms of Gatt.

The European Commission team, which will include Herr Wilhelm Haferkamp, the External Relations Commissioner and Sir Roy Denman, tha Director General, as well as Viscount Etienne Davignon, the Industry Commissioner, and M Poul Dalsager, the Agricultural Commissioner, is also expected to warn the U.S. that while no "crude retaliation" by the EEC is envisaged, transatlantic trade ralations would be gravely damaged by further U.S. measures.

The negotiators will emphasisa that any U.S. moves against European agricultural exports such as grain and poultry would be seen as a serious development.

EEC-U.S. trada relationships are not, however, as tense as those of the Community and Japan. European Commission officials yesterday did not hide the general dissatisfaction felt in Brussels over tha outcome of last week's EEC-Japan "high-level" trade discussions in Tokyo.

Meanwhile, local Japanese diplomats said yesterday there can be no question of the Tokyo Government meeting in full the list of trade concessions issued by tha EEC Council of Ministers at the end of last year.

Japan is pointing to the tariff reductions it has announced on 1,653 different items, which it says will cut duties by an average 15.6 per cent for those products and cost the Tokyo exchequer some $200m in lost revenue, and has underlined that its planned revisions of import quotas and banking practices should yield further benefits to EEC exporters

Air India switches to A-300s

BY K. K. SHARMA IN NEW DELHI

AIR INDIA, the country's Government-owned international airline yesterday decided to cancel its order for three Lockheed TriStars and replace them with three European-built airbus A-300 B4 aircraft because the U.S. company has decided not to continue manufacturing that aircraft.

The TriStars were meant to replace Air India's ageing Boeing 707s, of which two have already been phased out of service. Seven Boeing 707s remain in the airline's fleet, the bulk of which presently consists of Boeing 747s.

The collapse of the TriStar deal means the loss in sales of at least nine Rolls-Royce RB-211 engines, the TriStar power plant. The A-300 is powered by U.S.-made General Electric CF6-50 series engines.

The Airbus will be used mainly on the routes to the Gulf, but could be extended to points in Europe and in south-east Asia. It is hoped that the aircraft will be availabla for service by 1983.

Air India's decision to order the TriStar was recently severely criticised on the grounds that it is buying aircraft which Lockheed has decided to discontinue.

Air India's present operations are said to be successful, and the company expects to maka a profit of over Rs 100m (£5.8m) in 1981 at a time when most international airlines are making losses.

Norwegian vessels to be converted for drilling

BY FAY GJESTER IN OSLO

ODD GODAGER, Norwegian shipowners, is to convert two of its dry cargo bulk vessels into drilling ships — one in West Germany and the othar in Singapore.

The decision reflects the fact that while the market for dry cargo bulk vessels is weak, there is keen demand—particularly in Australia and the Far East—for drilling ships.

At present, the world fleet of these ships number only about 60, several of which are obsolete and will soon have to be scrapped, while seven are being built—three for Russian accounts.

Godager's ships, which will be ready for service early next year, will be converted to a design which, it is claimed, will allow them to carry a heavier deck-load than most drill ships.

Air France cuts prices in fares war with SAS

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDISH AND French diplomats met shortly after the arrival in Stockholm yesterday of M Claude Cheysson, the French Foreign Minister, to discuss the air fares battle between Scandinavian Airlines System (SAS) and Air France.

The French Airlines yesterday cut prices for its Classe Affaires by a further 5 per cent on its flights between France and the three Scandinavian countries, bringing its rates once again into line with SAS's Euroclass Economy farea.

In three price cuts over six days, countered by two cuts from SAS, Air France has reduced the price for a one-way ticket on Classe Affaires between Stockholm and Paris from SKr 2,615 to SKr 1,900 (£195).

By its latest reduction, Air France rejected the olive branch tendered by SAS on Wednesday, when it suggested that the 5 per cent drop it then made in its Euroclass price should be seen as a "possible compromise solution."

M Cheysson's two-day visit to Stockholm at the invitation of Mr Ola Ullsten, Swedish Foreign Minister, was planned a long time ago and is not connected specifically with the air fares dispute.

But he brought with him M Jean-Claude Payre, head of the French Foreign Ministry team which tried unsuccessfully last week to resolve the conflict during talks in Paris.

M Payre resumed negotiations with Mr Ulf Dinkenspiel, a Swedish Deputy under-Secretary, yesterday.

The mill builder's tale: a battle to regain foreign sales

BY NICK GARNETT, NORTHERN CORRESPONDENT

HENRY SIMON is one of those export-oriented companies for which the recent high level of sterling has been an obstacle to its sales effort.

As a constructor of cereal mills and exporters of plant to more than 30 countries in the last seven years alone, it blames sterling for a period of almost 12 months in 1980-81 in which it could have been as much as 30 to 40 per cent uncompetitive in foreign markets.

That was translated into a shrinking workload during the second half of last year as declining orders during the second half of the previous year and the early part of 1981 worked through to manufacturing. It also meant much tighter operating margins.

But the Cheshire-based company, part of Simon Engineering, is striving to regain its selling position.

Exporting flour mills is a competitive business. The pricing of bread to the consumer is critical and the miller is under strong pressure to supply flour at low cost. That requirement works through the chain to the expenditure on milling plant.

At the same tima, Henry Simon and other UK mill constructors like Thomas Robinson have to cope with an industry where technological change has become rapid. New mill operating and information units now are so advanced that they resemble electricity grid control blocks.

There is some big and tough competition, such as that posed by Buhler-Milag, the Swiss-West German milling plant builder.

Despite these pressures, Henry Simon has completed 270 overseas milling contracts in the last three years. These have ranged from modernising old plant — the most common requirement in developed countries — to installing a flour milling industry in some developing nations.

Over the last six years, a prime source of work has been Egypt, labouring with relatively inefficient equipment, wanting to curtail the high priority placed on flour and looking to the creation of flour milli[...]

The result has been the designing, installing and commissioning of 14 mills so far in Egypt worth in excess of £16m.

Henry Simon supplies equipment ranging from small items such as sifters and infestation destroyers to complete mill operations.

The mill it built for Nabisco in Ohio in 1977 was, at that time, probably the largest single milling complex ever constructed at any one time, with a daily capacity of more than 1,400 tons of wheat every 24 hours. That is more than half the total capacity of the 14 Egyptian mills.

The company, through its U.S. subsidiary Henry Simon Incorporated has just secured its 40th mill contract in the U.S. with a deal to build a flour mill in Los Angeles for the Pillsbury company.

Although Mr Roy Stott, Henry Simon's managing director, argues that maintaining its markets in the UK is of paramount importance, 80 per cent of the company's output is exported.

This is carried out through four staffing structures. The company has representatives in Africa, the Americas, Japan and Europe. Some were home-based staff who moved out from the UK and others are locals, including two Dutch technical salesmen in northern Europe.

Finally, Henry Simon's UK-based area sales managers have responsibility for specific overseas territories.

The company says this is almost obligatory because different geographic areas have different technical requirements.

One possible major exporting growth area is China. The company has not sold milling equipment to China since the late 1940s.


Before we introduced our new EuroClass
we had to make a few small changes.

ILEA seeks extra £12m despite warnings

By Robin Pauley

THE Inner London Education Authority has ignored warnings about possible legal dangers of setting a budget involving growth, and about the possibly disastrous electoral impact of rising rates.

Its finance subcommittee is recommending a budget of £802m for 1982-83. This means maintaining all current policies and adding programmes worth £12m.

It represents real growth of about 1.5 per cent. which will require an education precept of 72p in the pound, in addition to Greater London Council and borough rates.

The rate for education will rise 15 per cent compared with the original 1981-82 precept.

Domestic ratepayers who paid £189 for Ilea this year (on a rateable value of £300) will have to pay £216.

Commercial and industrial ratepayers paying £2,205 for education (on a rateable value of £3,500) will have to pay £2,520 if the full Ilea meeting next week confirms the plan.

Every inner London borough asked ILEA not to increase its preception by as much as 14 per cent (current policies).

Ilea officers took legal advice from Sir Frank Layfield QC about the legal position of various budget options over the Government's target of £68m of expenditure for 1982-83.

Sir Frank said there would be no risk up to £735m which would represent a volume cut of 7 per cent (the maximum requested by the Government) using Ilea's own inflation factors. Maintaining current policies would require £790m. The further Ilea departed from £735m the less easy its position would be to defend in the courts, Sir Frank said.

A court would in the present economic climate expect a local authority to budget for spending reductions wherever practicable. An authority's reasons for not having such reductions would have to be weighty. A court would expect a council not to increase spending on new developments.

BL single-sourcing policy will hit Lucas or Chloride

BY LORNE BARLING

BL's POLICY of buying components from a single source will mean a heavy blow in the next fortnight for one of the two largest battery manufacturers, either Lucas Batteries or Chloride Automotive Batteries.

Both are bidding for all BL's medium and light car business, now shared between them.

The company that wins the annual order will supply about 500,000 batteries to BL Cars, while the other will lose output of half that figure, almost certainly leading to redundancies.

Lucas confirmed yesterday that a memorandum had been circulated to senior managers and union officials at its Sparks Hill factory, Birmingham, to point out the possible consequences of losing the order.

It said: "Negotiations with BL about 100 per cent sourcing continue and are very finely balanced. The possible loss of the 250,000 units we currently supply to BL is a most serious threat to our future."

About 950 people work at the factory, which has already suffered from the depressed battery market, resulting in 350 redundancies in the past 18 months.

Chloride said it had tendered to BL and was awaiting its decision, expected within a fortnight.

The company employs about 900 people at Dagenham battery plant. It has been encouraged by the fact that its "sealed-for-life" battery has been chosen by BL for the Ambassador, the updated Princess, due out in the spring.

BL's single-sourcing policy, introduced about 18 months ago, has contributed to serious problems for West Midlands suppliers. Last year Rubery Owen closed its Darlaston plant with the loss of more than 900 jobs, partly because a BL wheel contract was given to a single supplier, Dunlop Engineering.

BL said yesterday it was essential for the company to cut component costs, and this could be achieved by allowing suppliers to economise through bigger product runs.

It was BL policy to offer customers lower costs on its range of light and medium cars, and low maintenance batteries were being examined in this light.

● Increased demand for BL's Sherpa van has ended short time at Freight Rover's Common Lane plant, Birmingham, after 18 months.

LT's budget lawful, says Havers

BY GARETH GRIFFITHS

THE Greater London Council was told yesterday by Sir Michael Havers, the Attorney-General, that in his opinion London Transport's revised 1982 budget complied with the House of Lords judgment last year on the GLC's cheap fares policy.

The advice was contained in a letter from Mr David Howell, Transport Secretary, to Mr Ken Livingstone, GLC leader. Mrs Margaret Thatcher, the Prime Minister, and Mr Michael Heseltine, Environment Secretary, also received copies of the opinion.

London Transport's revised 1982 budget will double fares on March 21, leading to an increase in commercial revenue of £156m or 30 per cent between March 21 and the end of the year.

The GLC passed the budget in principle in January, although the last full meeting of the council refused to pass a confirmation motion. LT is proceeding on the basis of the first vote in January.

The key sentence in Sir Michael's opinion reads: "Fiduciary duty requires that the authority must do its best to reduce the burden fairly on the ratepayers. It does not require the authority must relieve the ratepayer of all the burden. A fair balance must be struck."

Mr Livingstone said the GLC would have to increase its precept on rate call on the London boroughs by up to about 40p in the pound. A recommendation on the GLC rate for 1982-83 will be made on February 16.

The council yesterday launched a £200,000 campaign to pressurise the Government to alter the law and restore the cheap fares policy. Half the money will be spent on press advertising. A mass lobby of Parliament is planned for March 11.

The Government has turned down the GLC's request for more money from the Transport Department's Transport Supplementary Grants settlements to councils.

Mr Howell in his letter to Mr Livingstone says the GLC already receives 40 per cent of the total TSCs paid out by the department.

Drive to find mass market for Prestel

BY JASON CRISP

A NEW iniative has been launched by government and industry to find a mass consumer market for residential Prestel, British Telecom's public viewdata service, by the end of 1984.

Prestel was originally developed for the mass consumed market but failed to reach expectations because of the high cost of the specially adapted television sets used to receive the service. Currently there are less than 16,000 Prestel sets in use in the UK.

The initiative to promote Prestel for the mass market again came at a special conference on Wednesday organ-Industry

Last year a similar conference was held to co-ordinate the efforts of British industry for both teletext and viewdata. Teletext is broadcast pages of information received on adapted television sets. Viewdata, received via the telephone lines, gives much more information.

Since then sales of teletext have risen rapidly, and there are now more than 300,000 sets lsed by the Department of in use. By the end of this year the figure is expected to rise to 1m.

To promote residential Prestel the conference agreed to:

● Develop a "consumer package" of services, including electronic shopping, entertainment and communications, as well as information.

● Examine tariffs. Computer time and page charges may be consolidated into monthly reotal.

● Reduce set costs.

● Dramatically improve quality and attraction of information.

● Promote new applications of business viewdata.

● Promote viewdata as main means of business communication.

Nuclear sub faces short service

By Bridget Bloom

BRITAIN's first ever nuclear powered submarine, HMS Dreadnought, may be decommissioned several years ahead of schedule, according to unconfirmed reports in Whitehall.

The 4,000 ton submarine, one of 12 nuclear powered vessels in service, was built in 1963 and fitted out with a nuclear reactor bought from Westinghouse, the U.S. company.

The malfunctioning of the reactor, which has been shut down for more than a year, is said to be among the reasons that the vessel may soon be taken out of service.

However, it was also being suggested yesterday that the Ministry of Defence is worried that to refit the vessels at this stage in its life would be too costly.

Last night, the Ministry would only confirm that a decision of the future of the submarine will be announced soon, probably before the end of this month.

Dreadnought was the only nuclear powered fleet submarine to be fitted with a U.S. reactor.

Decision on council spending today

By Robin Pauley

LOCAL AUTHORITIES in England will be told today the Government's final decision on how much each should spend in 1982-83. Changes of up to £1m have been made to some of the provisional figures announced

The rate support grant order which Mr Michael Heseltine, Environment Secretary, will put to Parliament is one of the most delayed in recent years. It is usually announced in November. Councils have been left in great uncertainty because they must fix a rate, by law, to cover their budgets by March 31.

The delay has been caused by attempts to achieve sensible results in a number of the factors used to build up the assessment of how much councils need to spend

In the final figures Metropolitan districts outside London lose more than £9m from their total assessments, while shire districts gain £10m.

Major losses include: Birmingham (£1.143m), Liverpool (893,000), Greenwich (£664,000), Barnet £598,000), Coventry (£425,000), Cleveland (£805,000), Essex (£1.06m), Lancashire (£802,000), Greater Manchester (£734,000), South Yorkshire (£896,000), Tyne and Wear (£1.23m), West Midlands (£509,000), West Yorkshire (£683,000).

Losses in shire districts are small but can represent substantial percentages. These include Ellesmere Port and Neston (3.3 per cent), Copeland (4.7 per cent), Corby (10.1 per cent), Thamesdown (5.1 per cent).

Councils gaining include Norfolk (£575,000), Walsall (£365,000), Buckinghamshire (£394,000) and Avon (£602,000). In the shire districts, percentage gains include Penwith (6 per cent), Restormel (5.2 per cent), North Devon (7 per cent), Torbay (5.6 per cent), Weymouth and Portland (6.3 per cent), East Lindsey (6 per cent), Lincoln (7.6 per cent.), Great Yarmouth (5.7 per cent), Scarborough (6.9 per cent), The Wrekin (9.4 per cent), West Somerset (5.7 per cent), North Wiltshire (8.1 per cent).

Some of those with reduced assessments face asking ratepayers for substantially more as the cut may tip their budget plans into penalty.

Mr Jack Smart, chairman of the Association of Metropolitan Authorities, said last night: "This is all crippling local authority efforts to make rational budget decisions and reasonable rates."

Government ruling gives tax relief boost to Occidental oil find

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A Department of Energy ruling on North Sea geology has given a major boost to the commercial potential of an oil find by Occidental Petroleum.

The find lies just south-west of the Claymore Field, which is also owned by Occidental and its partners in a four-company North Sea consortium.

The Government has accepted the consortium's arguments that the new find is a separate geological field from Claymore, not an extension of it. Occidental announced yesterday that it was naming the new discovery the Scapa Field.

The department's ruling means that Scapa will qualify for its own set of tax reliefs, rather than be treated as part of Claymore. This will give a substantial boost to the commercial potential of the field, which lies 110 miles north-east of Aberdeen and is provisionally estimated to contain about 70m barrels of recoverable reserves.

Dr Armand Hammer, Occidental's chairman, said last summer that the company was not prepared to go ahead with the $700m (£380m) development of Scapa until the Government changed the offshore oil tax sidering changes to the tax system.

The Government is still considering changes in the tax structure. But in the wake of the department's geological ruling Occidental is planning further drilling on Scapa

The company said yesterday that Scapa was "totally separate from the Claymore field, as defined by pressure systems, stratigraphic age and oil/water contact."

Occidental and its partners—Getty Oil, Thomson North Sea and Union Texas Petroleum—also revealed the results of the two wells drilled in the field so far. The first—14/19-9, drilled in 1975—tested oil at a rate of 1,206 barrels a day. The second, 14/19-15, produced 2,050 b/d in May last year.

The consortium has also been involved in a tax controversy over the development of an oil find north of Claymore. Plans to develop North Claymore at a cost of £250m, using a floating production platform, were shelved last year because of more onerous taxes introduced by the 1981 Budget. But since then Occidental has begun extracting North Claymore oil via the main Claymore field platform.

The United Kingdom Offshore Operators' Association, a grouping of North Sea oil producers, used the Scapa field as an example of the shortcomings of the present UK tax system in a submission to the Government last autumn.

UKOOA, working on the assumption that the find was being treated as a satellite of Claymore, said that under the current tax regime there was "no justification or incentive for appraisal drilling and development of the find."

Single progessive tax urged for North Sea oil

BY MARTIN DICKSON

SWEEPING REFORMS to the UK's North Sea oil tax system have been proposed in a submission to the Government's review of the offshore regime.

In a paper* today, Alexander Kemp and David Rose of Aberdeen University call for the abolition of all four existing taxes covering North Sea production — royalties, supplementary petroleum duty (SPD), petroleum revenue tax (PRT) and corporation tax.

They would be replaced by a single progressive profits tax (PPT). This would involve compounding forward all the net cash flows of a field at a threshold interest rate. Tax would be levied only when the cash flow became positive.

The proposals are similar to those submitted to the Government by the Institute for Fiscal Studies, which suggested a single tax based on a field's level of profitability.

Other, less radical, proposals have been submitted by oil industry organisations to the review promised by Sir Geoffrey Howe, the Chancellor of the Exchequer, when he introduced unpopular North Sea tax measures in last year's Budget.

The Aberdeen paper's central idea is that taxation should not be imposed until the risk-taking oil company has achieved a specified rate of return on invested capital.

The system should ensure that no oil field which is viable on a pre-tax basis finds that its development is being inhibited by the tax regime, the authors say.

* *The reform of Petroleum Taxation of the UK Continental Shelf. Kemp and Rose. University of Aberdeen. £7.50.*

SE ends risk of 'made up' bargains

By Christine Moir

THE Stock Exchange has changed its traditional practice for settling "made up" bargains between brokers and jobbers as a result of the collapse of Hedderwick Sterling Grumbar last year.

Hedderwick's "hammering" on the stock market after hours on April 10 last year, left Akroyd & Smithers, one of the leading jobbing firms, out of pocket to the tune of £1.85m.

It is suing for the return of the money—plus interest—and has already received a dividend from Hedderwick's liquidator of 45p in the pound.

Hedderwick sold £1.85m of gilt-edged stock to Akroyd on April 2 and bought it back for £1.87m on April 9. Instead of the stock changing hands Hedderwick asked for the bargain to be "made up."

In Stock Exchange practice this meant that Akroyd wrote Hedderwick a cheque for £1.85m and Hedderwick then wrote one for Akroyd for £1.87m — a £20,000 profit to Akroyd.

But Hedderwick was declared a defaulter on the stock market on April 10. National Westminster, its bankers, refused to honour its £1.87m cheque (among others). But it banked Akroyd's £1.85m cheque in a special trustee account.

The Stock Exchange had not previously realised the risk involved in normal "make up" practice, but following Akroyd's outcry and legal action it has changed the practice. When bargains are "made up" only the residual amount will now change hands.

In the Akroyd example this would have meant a single cheque for £20,000 from Hedderwick.

Argos to sell Chanel No. 5

THE ARGOS discount stores chain, part of the BAT Industries group, has secured supplies of Chanel No. 5 Eau de Toilette spray which it is retailing at £16.49. Argos has been unable to get this and some other perfumes because manufacturers are reluctant to see their up-market fragrances through discount stores.

The chain has been able to obtain supplies of Chanel, and other products which manufacturers normally refuse to supply, through third party distributors.

Ghana tops food costs survey

IT IS more than 1,000 per cent more expensive for a Briton to eat in Ghana than in the UK, according to the latest international costs of living survey produced by Employment Conditions Abroad. The huge cost of living in Ghana related to a British employee's equivalent living standard here reflects the combined effects of the highest inflation rate in the world and official exchange market rate about 15 times less than the reported black market rate.

Pension fund trustees urged to invest in Britain to aid industry

BY ERIC SHORT

THE TUC is preparing guidelines for trustees of trade union pension schemes to help them invest funds in an economically responsible way. Mr Len Murray, general secretary of the TUC, announced this in his address to the Seventh Pensions Conference organised by the Financial Times.

Mr Murray said the amount of pension fund assets already invested overseas represented a loss of capital that could have been used to revitalise British industry. The ability of funds to pay pensions in the future ultimately depended on growth in the overall UK economy.

Pension funds, he said, should accept responsibilities towards the long-term future of British industry and play their part in the recovery programme in the TUC's 1982 economic review. This meant not only reintroduction of exchange controls but also specific limits on the proportion of funds that can be invested overseas. He envisaged that these limits would be reduced over time.

Mr Murray explained the role of pension and life assurance funds in financing the proposed measures for economic recovery. Such funds would be the major suppliers of capital to the proposed National Investment Bank, a capital project that would finance high risk "sunrise" industries.

He welcomed the initiative taken by a number of local authorities to establish local enterprise boards and singled out the West Midland Enterprise Board which would finance public and private sector projects, to regenerate the local economy. He pledged the TUC to urge trade union trustees to get their pension funds to co-operate in this development.

He referred to the forthcoming review of the "contracting out" forms of pension schemes and emphasised that

FINANCIAL TIMES PENSIONS CONFERENCE

the rebate should be fair to all employees irrespective of whether they were in the state scheme or contracted out. The TUC supported the Government Actuary's views that the present terms were too favourable for contracting out.

But Mr Murray was adamant that any reduction in rebate, whatever its size, should be made against the employers' national insurance contributions, leaving the employees' rebate at its present level of 2½ per cent.

He also reaffirmed the TUC's support for a fair deal in maintaining pension rights for those employees who changed jobs.

Other speakers at the conference were entirely against the control of pension fund investment for any other aspect of pension fund operation.

Sir Harold Wilson, the lunchtime guest speaker, adopted the approach that no further major controls were needed. He said the growth of pension schemes meant that the vast majority of industry was now "socialised" with the working population controlling industry through their pension schemes.

He discussed the workings of his committee in producing the report on financial institutions and referred to the need for independent directors on company boards.

Mr Geoffrey Heywood, senior partner in Duncan C. Fraser, put the case more strongly against the imposition of controls or direction of pension fund investment. He cited the example of local authority superannuation schemes where controls had been progressively relaxed.

Originally investment was restricted to fixed interest securities. In 1961 it was broadened to include equities. Further relaxation followed in 1974: schemes could hold up to 25 per cent of funds in overseas investments and property and had to hold at least 25 per cent in fixed interest securities.

From April this year even these restrictions are due to disappear. Schemes will have complete investment freedom subject only to no single investment exceeding 5 per cent of the fund.

Mr Maurice Oldfield, chairman of the National Association of Pension Funds, said that his association was against any major legislation affecting investments, improvements for early leavers or member participation. The association preferred voluntary action, but was seeking legislation to clarify certain technical aspects covering VAT and insider dealing.

Professor David Wilkie of Heriot-Watt University and research actuary at Standard Life Assurance referred to what he termed "The Great Pensions Disaster" in that few private pension schemes had increased pensions in line with price movements. He showed that state pensions since October 1946 had risen by more than earnings and were twice as high as price movements.

He felt the only way to restore credibility in private sector pensions was to ensure all benefits were index-linked in a sensible way.

Lord Brimelow, chairman of the Occupational Pensions Board, discussed the board's report on improving pension protection for employees who changed jobs. He referred to how little progress had been made on implementing its recommendations.

Strauss Turnbull lays off 20

STRAUSS TURNBULL, one of the medium-sized brokers, has laid off 20 of its 250 employees largely as a result of computerisation. Strauss is best known for its Eurobond business, which has been computerised for two years, but the firm is extending computer operations to its normal Stock Exchange business.

Signs of housing market recovery

PATCHY indications of a recovery in the housing market are reported today in the latest survey carried out by the Incorporated Society of Valuers and Auctioneers.

Against an average increase in house prices of 1.2 per cent between last October and January, rises occurred only in the South East (3 per cent) and in the North East (0.8 per cent).

Entrepreneurial businessman replaces personnel expert

John Elliott, John Lloyd and Alan Pike on a switch in style at the Manpower Services Commission

A NEW chairman for the Manpower Services Commission, announced yesterday, was ordered by ministers. They felt it was time for a change of experience and style in the head of an organisation whose budget will rise to £1.6bn a year by 1985.

Out goes Sir Richard O'Brien, 61, a personnel expert who believes in tripartism and who was known at the Confederation of British Industry in the early 1970s for his liberal views on employee participation.

He is replaced by Mr David Young, 49, an entreprenurial style of businessman who has close Conservative Party connections.

For the past couple of years he has been employed part-time advising first Sir Keith Joseph and then Mr Patrick Jenkin at the Industry Department on the privatisation of nationalised industries. Before that he was a director of Sir Keith's Centre for Policy Studies.

The change is not surprising, given the style of the present Government, but it has horrified both CBI and TUC leaders who have had high respect for Sir Richard for many years.

His appointment in 1976 was enthusiastically welcomed by both organisations as a perfect choice.

In the past six years, the problems of unemployment, youth opportunities and training have grown more intractable. The MSC, in spite of its tripartite nature with members of the CBI, TUC and other interests on its board, has not made a breakthrough in the key problem area of apprenticeship training which has annoyed ministers.

The Government decided last November not to give Sir Richard a third term of office. Various names were put forward by civil servants. Mr Young was suggested, it is believed, by Mr Norman Tebbit, formerly Industry Minister and now Employment Secretary, who had worked with him on the privatisation of British Aerospace.

Mr Young is a wealthy businessman who has created two successful companies. Qualified as a solicitor in 1956, he founded Eldonwall, a property company, in 1961, selling out to Town and City Properties in 1970.

In 1973, he founded Manufacturers Hanover Property Services, a property financing subsidiary of Manufacturers Hanover, which he still chairs.

His connection with training appears to be relatively slight. In 1980 he was elected chairman of the World Organisation for Rehabilitation through Training, a voluntary body which organises vocational training, largely in the third world.

Conscious of his connections with the Government's tough industrial policy, he said yesterday that while he has helped the Industry Department, with hiving off Cable and Wireless, and British Aerospace, and has been involved with BL, he has not dealt with BL's manpower reductions.

Mr Young was influential in bringing the Sanyo television plant to the UK. He returns to Japan next week to continue his efforts to attract Japanese business to Britain.

He has had few contacts with trade unions and says he knows no TUC general council member—but adds he "is looking forward to plugging these gaps."

His problem will be that the unions regarded Sir Richard as an exceptional chairman. Mr Len Murray, general secretary of the TUC, yesterday said that under his chairmanship the MSC had been "radically improved to respond to the needs of employers and workers, including the unemployed."

More pointedly, he said the need to maintain the commission's independence demanded much from its chairman. A future chairman could only succeed if he displayed the same qualities as Sir Richard.

Plainly, the TUC has its doubts, especially because Sir Richard increasingly was prepared to counterpose his view of the MSC's needs to the Government's. These views differed more fundamentally as the unemployed figures grew.

The commission's draft corporate plan, sent to Mr Tebbit earlier this week, was uncompromising about the true number of the unemployed and stressed that registered numbers would not fall below 3m over the next four years.

In a covering private letter to Mr Tebbit, knowing his departure was about to be announced, Sir Richard talked of his "deep concern" about the rising jobless totals. He said the commission's attempts to improve manpower was hampered "by difficulties and uncertainties which have been externally generated, including public expenditure cuts. This has adversely affected our training programmes for adults . . . I am concerned about the balance of our activities."

Sir Richard is a quiet man not given to airing his grievances and worries in public, but that letter summed up his frustration. He went to the MSC in 1976 with high hopes of turning it into a major organisation, influencing the labour market.

His previous career included being the old British Motor Corporation's first industrial relations director from 1961 to 1966, and senior management posts in engineering. He had been chairman of the CBI's employment policy committee and from the early 1970s was a Delta Metal director.

An influential member of the Church of England, he played a leading role in the consultations which led to the appointment of Dr Runcie as Archbishop of Canterbury in 1980.

The MSC has never been an object of universal popularity, but it has given a radical new look to the way in which employment and training services are run.

Its creation in 1973-74 took the running of the employment services out of the direct day-to-day control of the Department of Employment, with which it has always had an uneasy relationship. For the public the most visible consequence of the change has been the replacement of the old labour exchanges by the MSC's bright new High Street Job Centres—an expense which angered many senior ministers of the present Government.

In recent years the MSC has become increasingly occupied with the unemployment problem, particularly the youth unemployment issue.

It has been responsible for the rapid development of the Youth Opportunities Programme whose budget of £400m a year will rise to £860m by 1985-86. It is working on upgrading and developing the scheme into the Government's proposed year-long youth training scheme for all unemployed 16-year-olds.

In addition, it has been deeply involved in the controversy over the reform of industrial training which led Mr Tebbit to decide at the end of last year to abolish most of the statutory industrial training boards.

MSC critics, including some on the training boards, have accused it of taking an over-centralised and bureaucratic approach to its functions and of spending too much money on the Jobcentres and a new headquarters in Sheffield.

The growth of the unemployment problem since the MSC was created has led to a corresponding rapid growth in the commission which now employs 25,000—leading to jibes about the MSC being the biggest of its job creation schemes.

Some concern has been expressed that the MSC's development has led to employment and training being taken too far from ministerial accountability.

On the plus side, the commission's existence has enabled trade unions, employers and educational interests to maintain remarkable unity on employment and training at a time of historically high unemployment.

The crucial immediate question is whether this unity—already threatened by the abolition of the statutory training boards—will survive Sir Richard's departure.

Wilfred Robbins to close

BARTON GROUP, the Birmingham-based engineering and industrial services concern, is to close its Wilfrid Robbins structural engineering subsidiary at Tipton, West Midlands with the loss of 65 jobs.

SALEROOM

BY ANTONY THORNCROFT

Brueghel work fails to reach reserve price

SOTHEBY'S had mixed fortunes with its print sale yesterday. The two most important lots, a Pieter Brueghel the Elder Landscape With Rabbit Hunters and Goya's Los Caprichos were bought in at £20,000 and £18,000 respectively, but other items did quite well.

The Small Passion by Albrecht Durer sold for £13,000, as did Goya's Los Proverbios. Another copy of Los Caprichos and Los Desastres De La Guerra, also by Goya, made £10,000 each. A 10 per cent buyer's premium must be added to all lots, plus VAT in some cases.

BP wins £17m court fight over Libyan oil venture

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SEVEN-YEAR court battle between British Petroleum and Mr Nelson Bunker Hunt, the U.S. millionaire, over their ill-fated joint venture to exploit a Libyan oil concession ended yesterday in victory for BP.

Five Law Lords unanimously dismissed Mr Hunt's appeal against a High Court ruling upheld by the Court of Appeal that he must pay £17m to BP Exploration Company (Libya).

The payment was ordered under the 1943 Law Reform (Frustrated Contracts) Act, under which BP sued after the concession was expropriated by the Libyan Government.

It was the first contested case under the Act since it has been on the statute book.

The saga began in 1957 when Libya granted Mr Hunt a 50-year oil exploration and extraction concession in the desert 500 kilometres south of Tobruk.

Mr Hunt went into a joint venture with BP in 1960 as he did not have the resources, equipment, practical knowledge or experience to develop the concession himself.

BP agreed to explore, develop and operate the concession at its own expense. There were complicated arrangements for sharing any oil which came on stream.

The main risk of failure was to be borne by BP, as Lord Brandon of Oakbrook said in the House of Lords yesterday.

Initially the venture proved extremely successful, with commercial amounts of oil being extracted by 1967.

In December 1971, after a revolution in Libya, BP's half share in the concession was expropriated.

Lord Brandon said that appeared to be an act of political retaliation against the UK Government, not because of any complaints against BP.

Mr Hunt's share of the concession was expropriated two-and-a-half years later.

Both BP and Mr Hunt claimed and received compensation from the Libyan Government. It was, however, unrealistically low, said the judge.

In 1975 BP sued Mr Hunt in the Commercial Conrt, alleging under the 1943 Act that their contract was frustrated by the expropriation.

It claimed payment from Mr Hunt of "such sum . . . as the court considers just" to take account of the benefit he had received from BP's efforts before expropriation.

The Commercial Court ordered Mr Hunt to pay the company $10,801,534, with $4,774,289 interest, and £5,666,399, with £3,060,219 interest. The awards were upheld by the Appeal Court.

Before the Law Lords, Mr Hunt challenged the correctness of ordering him to pay anything under the Act. In essence, he said it was to be inferred from the contract that BP was to take all the risk of a failure of the venture through political, as well as physical, circumstances.

Lord Brandon said the argument had a fatal defect. There was nothing in the contract, or the surrounding circumstances, to indicate that, when the parties made the agreement, they contemplated any political risk.

Unlike some viclorious litigants, BP will have no difficulty getting its money.

In Novemher 1980, the Law Lords made it a condilion of allowing Mr Hunt to appeal to them that he should lodge all the £17m in the UK as security.

Irish block Dan-Air Gatwick to Dublin route

By Michael Donne, Aerospace Correspondent

DAN-AIR, the UK independent airline which was granted the London (Gatwick) to Dublin route this summer by the Civil Aviation Authority, has been denied permission to fly the route by the Irish Government.

Describing the Irish Government's decision yesterday as "unreasonable," Dan-Air said it was already flying the Gatwick-Cork route, "and it is inconsistent that we should not be allowed to fly on the major route.

"The Irish now have more than 70 per cent of the traffic under an agreement designed to provide for a 50-50 split, and are using a legal argument to jink around the spirit of the agreement, and using the economic climate as a smokescreen."

At present, Aer Lingus flies the Heathrow-Dublin route, along with British Airways, while Aer Lingus also flies between Gatwick and Dublin.

"In view of the present imbalance and the disadvantage to British carriers, we hope the UK authorities will now take strong retaliatory action," said Dan-Air.

Possible pitfalls of a corporate christening

Duncan Campbell-Smith looks at Business Names Act's successor

WHAT'S IN A NAME More than you might think if you are choosing one for a new company. Directors intent on a corporate christening should know there are some names — quite a few, it must be said — which the law will accept and some that it will not.

The law in question is about to be replaced. It has seen long and active service since 1916, when an embarrassment of companies named in honour of King and Country presumably exhausted the patience of the wartime Commons.

The Registration of Business Names Act is to be repealed on February 26, and part 2 of the 1981 Companies Act will step into the breach. Its requirements are rather simpler, or so says the Department of Trade in offering guidance to them in today's edition of British Business, its official journal.

Take duplication, for example. A company name will not be registered, says the 1981 Act, if it is the same as another name already appearing on the company registrar's index.

If you have been in one of the registrar's public search rooms in Cardiff, Edinburgh or London recently, and have seen inmates wracked with indecision, you will know the importance of the further guidance given by the department.

"In determining whether one name is the same as another," it says coolly enough, "certain words and their abbreviations, together with accents and punctuation marks, will be disregarded."

So much for nomenclatorial red herrings like "the" or "limited" — and their Welsh equivalents.

"Names which are phonetically identical but not visually identical," adds the department, "will be allowed as not being 'the same as'."

They might still be well-advised, of course, to risk appearing prolix by adding another word or two. Would A. Arenson (Holdings), the office equipment manufacturer, and Aaronson Bros, the veneers and laminates merchants, lightly surrender their appendages?

It is possible to name your company the "Royal Charity for Bankers." But you will need letters of non-objection from a Miss Marks (at the Home Office) a Mr Samuels (at the Charity Commission) and a Mr Chamberlain (at the Bank of England) who will surely catch you out if you really intend to deal in scrap metal.

If you want to use the word "Anzac", you will need written consent from the High Commissioners of Australia and New Zealand, so sensitive is the British public to misuse of the term — or it was in the aftermath of the 1915 Gallipoli campaign which prompted the Anzac Act 1916.

That law will stay on the books when this month's changes sweep aside the Business Names Act of like vintage. You can only simplify matters so far.

Midlands co-operatives given £200,000 boost

BY LORNE BARLING

WORKER CO-OPERATIVES in the West Midlands are to be given more than £200,000 by the county council and three local authorities as part of a broad initiative to halt rising unemployment in the area.

The county council has also announced the appointment of a £20,000 a year chief executive for its newly formed West Midlands Enterprise Board. He is Mr Norman Holmes, formerly a senior executive with the Northern Ireland Development Agency.

The Board is backing a number of industrial development schemes in the area, such as the Warwick University Science Park, and operates a cheap loans scheme in conjunction with the Industrial and Commercial Finance Corporation (ICFC).

Assistance for co-operatives will be provided through the West Midlands Co-operative Development Agency, which will grant £50,000 a year to each of three local agencies to be set up in Birmingham, Coventry and Wolverhampton.

This support will be given jointly by local authorities and the Labour controlled county council, which is also funding a promotional campaign at a cost of around £50,000, with the help of the Birmingham Inner City Partnership.

Mr Gary Titley, vice-chairman of the council's economic development committee, said there were only about 15 such co-operatives in the West Midlands, compared with around 400 nationally, and encouragement was therefore needed.

Private stamp and postal plan offered—at premium price

BY JAMES McDONALD

A PRIVATE "postal centre" scheme enabling people to buy stamps and send letters when there is no nearby Post Office was announced in London yesterday.

Postage Distributors International, a new company, hopes to sell 20,000 of its British-designed machines at about £2,000 each to shopkeepers, stately homes or transport terminals. The buyer's profit will come mainly from the profit on stamp sales.

A 46p pack of stamps will cost 70p—52 per cent more than the face value. Another dispenser for those wanting a 15½p stamp for a first-class internal letter will need 20p—nearly 30 per cent more than the face value.

The machines, festooned with advertising, will include a post box.

There was some confusion yesterday about who would be responsible for posting the letters. Postage Distributors International first said the sweetshop owner "or whatever" would clear the box and take the letters to a Post Office box.

It then said the letters would be collected by the Post Office at a fee of £40 per machine per year.

The Post Office said it would have to approve the design and security of a private post box if it was to accept responsibility for collecting the mail. So far no designs had been received for approval.

It was not illegal to sell stamps at above or below face value, as long as they were bought originally from the Post Office.

The stamp dispenser, however, must have a notice saying it was not a Post Office vending machine. The post box must also have a notice saying it is not an official box, unless the Post Office had agreed to its design and security, and to collection. This had not yet occurred.

The private enterprise stamp-vending machine idea was not new in Britain, it said. "Automatic Postage Services operates such machines in hotels and in motorway service stations."

Mr James Wright, marketing adviser to Postage Distributors International, said it was owned by a company called Lloyd Pearson.

De Lorean components maker cuts 80 jobs

BY OUR BELFAST CORRESPONDENT

EIGHTY JOBS are to be lost at C. P. Trim, the west Belfast company which manufactures seats and other components for the De Lorean sports car company.

De Lorean's severe cutback in production has already forced C. P. Trim, which employs 220 workers, on to short-time working. The redundancies follow De Lorean's decision to pay off 1,100 of its 2,600 employees.

The De Lorean redundancies, announced last week, now seem certain to take effect immediately because of the company's cash flow problems. Discussions with the main unions have continued all week.

There was minimal production at the De Lorean plant this week. About 500 employees were told not to report for work and the remainder worked only one or two days.

The company is supported by £67m of government grants, loans and equity, as well as £10m in loan guarantees. Mr James Prior, Northern Ireland Secretary, is awaiting a report from independent consultants—due next Thursday—before discussing the possibility of further aid with Mr John De Lorean, the chairman.

The company has lodged a claim for almost £10.5m with the Northern Ireland Office for losses it claims to have suffered as a result of a petrol bomb attack during riots following the death of hunger striker Mr Bobby Sands last May.

The Northern Ireland Office paid De Lorean £425,000 in four instalments last year in settlement of a claim for £514,000 for physical damage to factory buildings by petrol bombs thrown during the same incident.

● Glen Electric, the electric heating appliance manufacturer, is to make 120 of its 400 employees at two factories in Newry, Co. Down, redundant because of falling sales. Other factories in the group are not affected.

Southampton port's hopes of recovery raised

By Brian Groom

THE PORT of Southampton's hopes of recovering from its 10-month bout of disputes have been boosted by the return of its two biggest customers after an absence of five months.

The Trio Lines and Southern Africa-Europe Container Service consortiums—which normally account for two-thirds of Southampton's container trade—are to direct ships to the port over the next few days, although new contracts have still to be signed.

Mr Michael Leslie, chief negotiator for Trio, said he hoped the consortium—which operates the Far Eastern trades—would return to its old pattern of 170 to 180 calls a year at Southampton.

But everything depended on the port's ability to provide three shift working, seven days a week, he said.

It is understood that the new contracts, unlike the old ones, do not bind the consortiums to use the port for a fixed period.

Lucas cuts are no sign of crisis

Michael Donne looks at why the major aerospace component maker is cutting jobs at Burnley

WHILE the redundancies of more than 1,000 workers at Lucas Aerospace in Burnley comes as a severe blow, they are not a sign of major crisis in the UK aerospace component industry.

Undoubtedly there are problems arising from the slow down in orders for new airliners and from such cuts in military work as the decision to reduce production rates on the Tornado multi-role combat aircraft. But aerospace components and equipment manufacturers are generally busy.

The immediate problem at Lucas Aerospace, the UK's biggest individual supplier of components for a wide range of civil and military aircraft, stems from the problems encountered by Rolls-Royce on its RB-211 engine programme.

The Burnley plants were heavily involved in metal fabrication of parts for the engine, which is widely used in Boeing 747 Jumbo jets, Lockhead TriStars and the new Boeing 757.

Rolls-Royce has suffered considerably over the past year or so from the marked slow down in airliner orders, as a result of the economic recession. It is especially likely to be affected by Lockheed's decision to end TriStar production from 1984, when the last of the outstanding 21 firm orders for TriStars is completed.

Over the past year or so, Rolls-Royce has been meeting its own problems by laying off part of its own labour force—about 5,000 were cut from the overall payroll last year—and it is continuing the process this year.

Earlier this week there were redundancies announced at the Rolls-Royce engine factory at Mountsorrel in Leicestershire, following lay-offs at Hillington near Glasgow.

Rolls-Royce is trying to reduce its own redundancy problems by pulling back work into its own factories. This is bound to leave some of its sub-contractors in a difficult position.

Lucas Aerospace, with more than 13,000 workers in the UK, does not envisage any more problems of this kind, at least in the foreseeable future. It is active across a wide range of aerospace equipment and component products.

Elsewhere in the aerospace industry, the picture is broadly similar—there are pockets of difficulty (Short Brothers of Belfast recently announced a workforce cut of 650 because of lack of orders) but in general the industry is active.

The recently announced slowdown in production of the Tornado combat aircraft, with the UK holding output at about 40 a year instead of raising it to more than 60 originally planned, may still cause problems for some equipment makers.

On the other hand, substantial military contracts are likely to be placed with the equipment and component industry soon, such as those associated with the RAF's procurement of 60 of the advanced McDonnell Douglas/British Aerospace AV-8B Harriers the UK will also pick up work, on the 336 AV-8Bs ordered for the U.S. Marine Corps.

While some aerospace equipment makers are finding new business tough to get, they are not yet in desperate straits. Most of them are managing to maintain a high volume of output.

All, however, like the main airframe and engine companies, are anxious to see the end of the recession, and a return to increased airline orders and consequent equipment and component buying.

Wind generator project launched

THE FIRST of two meteorological masts has been erected on the 525 ft Burgar Hill in Evie, Orkney, as part of the site works for Britain's first megawatt size wind-powered generator to be built later this year at a cost of £5.6m.

This mast is almost 100 ft high, while the second will be 260 ft. They will be used for recording the speed of the wind.

Power unions reject 5.5% offer

BY BRIAN GROOM, LABOUR STAFF

UNION LEADERS nf 90,000 manual workers in the electricity supply industry yesterday rejected an opening pay offer which they calculated to be worth about 5.5 per cent an basis rates.

Mr John Edmonds, energy officer of the General and Municipal Workers' Unioo and secretary of the uoion negotiators, said the offer was "disappointingly low." He helieved this potentially powerful group of workers was unlikely to accept anything less th3n the mioers' 9.3 per ceot settlement.

The offer on basic pay ranged from £4.85 a week for a labourer earning £5,070 a yesr, to £7.79 for a technician on £6,995. The foremen's scale would rise by about £8.50.

A rise of roughly 10 per cent was offered on shift stagger aod standby payments which make up the unsocial hours element of a shift workers' pay. Mr Edmonds estimated that the most anyone could receive overall was ahont 7 per cent.

The unions are claiming a "substantial" pay rise—with a 12 per ceot target — improved holidays, higher shift payments and a further reduction in the present 37 hour week.

The Electricity Council rejected the claim on hours and offered a small service increase on holidays for fnremen. Separate talks on early retirement are taking place, involving all the industry's unions.

The next formal negotiating meeting is March 4, but Mr Edmonds will attempt to set up one or two meetings of the joint committee before then.

He argues that job losses among industrial staff in the last 10 years have been largely responsible for the industry's productivity gains. The Electricity Council says that although labour costs were relatively low in proportion to total costs, they were a major controllable factor.

Last year the power workers won an increase of 10.8 per cent on salaries, worth 13 per cent taking into account a cut in working hours.

Average gross earnings for power workers are about £142 a week, including an average of five hours a week overtime.

The mineworkers' settlement has, as in past years, set a "going rate" for all workers in the energy industries. Gas, electricity and water workers, together with the mineworkers, tend to be in the upper section of a "two-tier" effect which has emerged in the public sector, as more powerful groups manage to receive rises just below the inflation rate.

Leyland strike may cost engine orders

BY IVO DAWNAY, LABOUR STAFF

JCB, the earth-moving equipment manufacturer, at Rocester, Staffs, warned strike-hit Leyland Vehicles yesterday that if normal production of the 98 series engine did not resume hy a week today the company wnuld place its orders elsewhere.

The company sdded that stocks were already dangerously low as a result of the 15-day strike at the BL truck and bus subsidiary and a £250,000 retooling operation designed to accommodste a rival engine was already underway.

The ultimatum follows breakdown on Wednesday of talks aimed at ending the dispute. No further meetings are planned between the unions and Leylsnd Vehicles' msnagement until February 15, three dsys after the JCB deadline.

At s mass meeting yesterday, an estimsted 5,000 workers st Leyland Vehicles' two Lancsshire plants voted by an overwhelming majority to continue their strike in protest against the company's 1982 corporate plan, which includes loss of 4,100 johs.

Abnut 3,600 workers at the company's Bathgate plant near Glasgow, where the 98 series engine is huilt, are also expected to persist with industrial action.

Leyland Vebicles warned yesterday that Bathgate could lose 200 more jnhs in addition to the 1,365 redundancies proposed under the reorganisation plsn, if JCB goes ahesd with its threat.

"We sre taking JCB's statement very seriously indeed," the cnmpany said.

JCB, which has bought engines from the Bathgate plant for over 15 years, accounts for about one-third of the 98 series production, worth £5m a year.

The company said yesterday that if the Bathgste plant failed to resume production by February 12, it would sign a deal with an alternative supplier.

"We consider it to he of primary importance that we standardise our engines. So if we pursue our retooling sufficiently tn fit a new engine, we will end up making a decision which is irrevocable."

Sullom Voe staff hope for move to avert strike

By Mark Meredith, Scottish Correspondent

UNION REPRESENTATIVES of the 210 werkers at the Sullom Voe oil terminal in the Shetland Isles said yesterday they hoped for a conciliatory gesture from British Petroleum to stop a strike due to start at noon today.

The workers have rejected a 7½ per cent wage increase offer from BP, which operates the terminal, and are persisting with demands for a 15 per cent rise.

BP has been reluctant to resume talks because it says the strike threat has violated agreed negotisting procedure.

The terminal handles oil from seven oil fields, renresenting ahont half of the UK North Sea nil production. If a strike at the terminal was effective it conld lead to offshore operators shutting down oil production when the tanks at the terminal were full.

A BP nfficial at the terminal said the company had explored ways of keeping the highly antomated termioal operating during a strike hy using management personnel.

Mr Mel Kecnan, district officer of the Transport and General Workers' Union, whn has been representing the men, said that the threatened strike wss still very mnch alive.

Civil Service pay negotiators told of 'easy recruitment' scope

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT stressed the impact on the Civil Service of market forces, and in particular the ease of staff recruitment at a time of high unemployment, when it opened pay negotiations yesterday with leaders of the 530,000 white-collar civil servants.

The Treasury's stance prepares the grouod for what Whitehall officials are describiog as a "sophisticated" pay nffer expected at the next meeting with the Council of Civil Service Unioos. The CCSU asked for an offer within 10 dsys.

The Treasury insistance upon the effect of market forces on staff recruitment indicates the outcome the Government would like of the longer-term inquiry into Civil Service pay, chaired hy Sir John Megaw, dne to report by midsummer.

At what the unions called a "heated" meeting, Treasury officials told them that specific proposals on pay would be made without undue delay.

The offer is described as "convoluted," and seems along the lines of the idea floated by the Treasury last year on a range of different offers for different occupational groups with recruitment difficulties, such as computer-operators and London clerical staff.

The Government said that Civil Service pay negotiations had to take account of its duty to the public at large and of its obligation to manage the Civil Service in an efficient and cost-effective manner.

In particular, the Treasury pointed to the large number of applicants now for most Civil Service jobs; the substantial drnp in the number of staff voluntarily leaving the Service; and the beneficial effect of restraint in public spending on level of jobs and investment through taxes and interest rates.

Again saying that the unions' claim for rises of 13 per cent, with an underpinning minimum of £12.50 a week, was "unrealistically high," the Government repeated the assurances after last year's pay settlement of the 21-week dispute.

These included access to arbitration, subject to a Parliamentary nverride. The Government seems unlikely to take any arbitration award to Parliament if it is in the region of 6-8 per cent, though anything much higher could cause difficulties.

The unions said the Treasury took a "very negative" attitude at the meeting, which Mr Bill Kendall, CCSU secretary-general, said was "totally unsatistory."

Plessey sit-in to defy court order

BY OUR SCOTTISH CORRESPONDENT

WORKERS at the Plessey capacitor factory at Bathgate, near Edinhurh, decided yesterdsy to continue their sit-in despite a court order to leave the plant.

More tban 200 of the wnrkers, most of them women, started the sit-in 12 days ago in response to Plessey's announcement that the plant would he closed because of falling demand and over-supply of capacitnrs.

Yesterdsy the Court of Sessinn In Edinhurgh issued an injunction against thnse taking part in the sit-in. Many husbands and sons of the women in the sit-in are nn strike at the Leyland Bathgate factory nearby.

Mr George Wilson, the union convenor at Plessey, said after the court hearing that the workers had decided to continue the occupation. Bathgate was a community with its back against the wall, he added.

"We have been dominated from the outset hy a single goal, to save jobs in Bathgate." The sit-in force had a burning passion to protect their jobs.

An official for Plessey said that the company would await further developments.

Dunlop managing director to meet Semtex protesters

BY ROBIN REEVES, WELSH CORRESPONDENT

MR ALAN LORD, managing director nf the Dunlop Group, and former Treasury Permanent Secretary, today faces for the first time, leader of the 450 workers at the company's Semtex flnor coverings factory at Brynmawr, South Wales, who hegan occupying their factory nearly nine weeks ago.

Ironically, a meeting with Dunlop's senior management to discuss the plant's long-term future was one of two demands made by the workers when they began their sit-in. The other was the withdrawal of 60 further redundancles.

But as far as Dunlop ls concerned, the only question to he discussed today is the ending of the occupation, after which it will discuss severance terms.

This hss heen the company's approach at two ahortive meetings with union officials at the Welsh level hut this time Dunlop will be faced with Mr John Miller, the Transport and General Workers Union National Officer for the Chemical Industry, and the possibility of the dispute spreading tn other Dunlop plants.

During the sit-in, the workers have ensured that the buildings, plant and machinery hsve been kept in full working condition.

Tailors' ballot on pay action

MORE THAN 5,000 workers at Carrington Viyella are to be halloted over possible selective industrial actinn in pursuit of a 5 per cent wage rise. The National Union of Tailors and Garment Workers said yesterday that the poll follows the company's failure tn award the rise agreed during talks with the British Clothing Industries Associstion in November.

هكذا من الأصل

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Bank	14 %
American Express Bk.	14 %
Amro Bank	14 %
Henry Ansbacher	14 %
Arbuthnot Latham	14 %
Associates Cap. Corp.	15 %
Banco de Bilbao	14 %
BCCI	14 %
Bank Hapoalim BM	14 %
Bank Leumi (UK) plc	14 %
Bank of Cyprus	14 %
Bank Street Sec. Ltd.	15½%
Bank of N.S.W.	14 %
Banque Belge Ltd.	14½%
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Beneficial Trust Ltd.	15 %
Bremar Holdings Ltd.	15 %
Bristol & West Invest.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14½%
Canada Perm't Trust	14½%
Castle Court Trust Ltd.	14½%
Cavendish G'ty T'st Ltd.	15½%
Cayzer Ltd.	14½%
Cedar Holdings	14 %
■ Charterhouse Japhet	14½%
Choulartons	14½%
Citibank Savings	¶14 %
Clydesdale Bank	14 %
C. E. Coates	14½%
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
E.T. Trust	14 %
Exeter Trust Ltd.	15 %
First Nat. Fin. Corp.	17 %
First Nat. Secs. Ltd.	17 %
Robert Fraser	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
Heritable & Gen. Trust	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Hongkong & Shanghai	14 %
Knowsley & Co. Ltd.	14½%
Lloyds Bank	14 %
Mallinhall Limited	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Roxburghe Guarantee	15 %
E. S. Schwab	14 %
Slavenburg's Bank	14 %
Standard Chartered	‖14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
TCB Ltd.	14 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Wintrust Secs. Ltd.	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 11.50%, 1-month 11.75%. Short term £8,000/12 month 14.10%.

† 7-day deposits on sums of:—under £10,000 11½%, £10,000 up to £50,000 12½%, £50,000 and over 12¾%.

‡ Call deposits £1,000 and over 11½%.

‖ 21-day deposits over £1,000 13%.

§ Demand deposits 12%.

¶ Mortgage base rate.

Thatcher admits jobless may go higher in autumn

BY IVOR OWEN

UNEMPLOYMENT could climb to a new post-war high in tha autumn, the Prime Minister admitted in the Commons yesterday. She was being questioned about the Manpower Services Commission's estimate that the true jobless total is already four million.

Despite pressure from Mr Michael Foot, the Opposition leader, she insisted that the traditional basis for the unemployment statistics — the monthly head count which showed that 3,070,621 were out of work in January—must ba retained.

Mrs Thatcher refused to make any forecast about future unemployment levels but accepted that, if the pattern of earlier years is repeated the numbers out of work will probably peak in the autumn when another major influx of school leavers reaches the labour market.

Thatcher: no forecast

According to the Department of Employment just over 700,000 school leavers are likely to be seeking jobs after July, but a large proportion of these are expected either to find positions or be offered places under the Youth Opportunities

Mr David Winnick (Lab Walsall North) claimed that the MSC had shown that, on the basis of present policies, unemployment was unlikely to be reduced for four years at least.

He maintained that this provided further confirmation that the warning of falling of living standards which featured in the speech made earlier in the week by Mr Francis Pym, the Leader of the Commons, and Minister in charge of the Government's information services, was fully justified.

Mr Winnick also referred to reports based on a preview of a television interview to be screened later in the day, that Sir Geoffrey Howe, the Chancellor of the Exchequer, had expressed anxiety that the Conservative Party might lose the next election.

Amid laughter the Prime Minister replied that she had never before been asked to comment on a television interview in advance of its transmission.

To a mar of approval from the Labour benches Mr Foot suggested that the Prime Minister would find it easier to disown the speeches of her Cabinet colleagues in advance rather than to defend them afterwards.

He wanted to know if the figures produced by the MSC had been seen by the Cabinet before Mr Pym made his speech.

Mr Foot argued that as the Prime Minister had already backed Mr Pym's speech to the hilt she was now firmly associated with his prophecies.

Mrs Thatcher snapped: "We coud hardly take into account figures which were only received late yesterday."

Edwards supports speech by Pym

By Peter Riddell, Political Editor

FIRM BACKING for Mr Francis Pym's cantion about tha economic outlook came last night from Mr Nicholas Edwards, the Welsh Secretary. Mr Edwards told Epping Tories that Mr Pym, the Leader of the Commons, had proclaimed n "few home truths" in his apeech on Monday. These apparently irritated the Prime Minister because of their downbeat emphasis

Mr Pym is apparently nurepentant in his view that it is dangerous and unwise to exaggerate tha favonrable aspects of the economy and to raise expectations too soon.

In his role as co-ordinator of Government information and publicity services, Mr Pym has apparently nrged his ministerial colleagnes of the desirability of avoiding the impression that conditions in the economy are going to get easier quickly. He apparently regards himself as a realist rather than a pessimist.

The effect of the row has been to emphasise the existing strains between Mr Pym and the Prime Minister thongh, on the other hand, ministers of all views in the Cabinet have been stressing a broad range of agraement reached a week ago about what should be done in the forthcoming Budget.

In his speech last night Mr Edwards argued that although the UK is "living through n desperately difficult period in which living standards will certainly fall and in which people's false expectations will be dashed, we have hegun to pnt our honse in order, and we will emerge from this recession into a more prosperous world just as we have done in the past."

Mr Edwards said that it was "apparently a matter for surprise (after Mr Pym's speech) that we face a fingely difficnlt transitional period, tha consequence of the oil price revolntion, the world recession and our prolonged failure to maintain competitiveness.

"It is considered even more amazing for a Cabinet minister to say that living conditions may actually fall and that there are many things outside the control of Government. The interesting thing is that it is only in the free Western democracies that people have come to believe the illusion that a rising standard of living is at the gift of Government."

Mr Edwards argued that Mr Pym had rightly been criticising unrealistic expectations but that there was agreement on the reasons for hope as people began to face realities in the economy. Attitudes could not be changed overnight.

He drew the parallel with the battlefield of Waterloo which he visited last week. "The battle was hard and for most of the day indecisive. Frequently it seemed lost but when the breakthrough came, victory was total."

Lloyd's chairman must go, says opponent of Bill

BY JOHN MOORE

A CALL for the resignation of the chairman of Lloyd's of London, the insurance market, was made yesterday by a leading opponent of the Bill intended to imprnve the market'a self-regulation.

Mr Malcolm Pearson, chairman of Pearson Webb Springbett, an insurance broker, said that unless Mr Peter Green, Lloyd's chairman, is prepared to withdraw the Bill "which must eventually destroy Lloyd'a as a successful free market" be should resign.

The call came after the Bill failed to complete its stages in a three hour debate on Wednesday.

Mr Pearson is opposed to Lloyd's gaining a form of legal immunity which will protect a new ruling council against suits for damages by any Lloyd's member. He successfully lobbied a number of Conservative MPs to put down sufficient amendments on the Bill to ensure that debate was not completed in the allotted time.

Alexander Howden Group, a major firm of Lloyd's brokers with substantial underwriting interests, also successfully lobbied MPs. Howden is opposed to a clause requiring that brokers sell off their shareholding links with Lloyd's underwriting interests because of conflicts of interest.

Fresb parliamentary time has now been found for further consideration of the Bill.

The deputy Chairman of the Ways and Means committee has agreed to find time for a debate to consider the amendments. This is likely to mean another evening debate, probably in the week after next.

Mr Green wrote to the 20,000 members of Lloyd's yesterday telling them that he and bis ruling committee "remain convinced that securing this Bill is vital for the future well-being and prosperity of Lloyd'a . . . the sooner we have the new Act the sooner we can get on with the business of insurance.

As he wrote to the members, Lady Janet Middleton, a former member of the Sasae syndicate, whose crash lad to the wave of reforms, announced a new recruitment drive for the Association of External Members of Lloyd'a which she chairs.

The association, formed to represent the interests of all those members of Lloyd's who do not work in the market, has attracted nearly 400 members.

Men and Matters, Page 18

Walker warns Dutch growers

A WARNING that the Government would get tougb with the Dutch over claims of an unfair advantage given to Holland'a glasshouse growers was given in the Commons yesterday by Mr Peter Walker, the Agriculture Minister.

He pledged at Question Time that if the Dutch di dnot produce firm proposals on February 15 to end their cheap fuel subsidy they would be taken to the European Court. "I believe that is the correct procedure to pursue.

"We bave introduced national aids in the interim, and certainly it is my policy to see that until this matter is settled these aids will continne."

Mr Walker told Mr Tom Torney (Lab. Bradford S) that he was "fairly optimistic" that the Dutch would provide proposals to narrow the gap on fuel prices.

Dutch to appeal on glasshouse gas, Page 27

Labour newspaper challenges party truce

BY MARGARET VAN HATTEM, POLITICAL STAFF

AN UNCOMPROMISING attack on Mr Michael Foot, the Labour leader, in a frnnt page editorial of the left-wing journal, Labour Herald, published today, suggests that the party's fragile month-old truce may be over.

The journal, edited by Mr Ken Livingstone, GLC leader, and Mr Ted Knight, leader of Lambeth oCuncil, calls oo party members to repudiate the truce agreed between Left and Rigbt at Bishop's Stortford last month, and attacks the party leadership for indecision.

The editorial, while not naming Mr Foot, says the failure of the party leadership to co-ordinate and lead opposition to the Government has enabled the Tories to "divide and rule in the knowledge that our party leaders would not respond with anything more than words."

That is why, it continues, the Bishop's Stortford pact ia worrying the rank and file, and must be repudiated. "Whatever agreement was reached there, it haa no authority or validity in the movement," it says. "There can be no comprnmise with the rigbt on questions of policy or the witch hunts started by the leadership last year."

It iosists that the Left must continue to fight on two key issues, wbich would bring them into direct conflict with Mr Foot and the party's natiooal executive committee. One is tbe reselection of Mr Peter Tatcbell, the parliamentary candidate seletced by the Bermondsey Labour Party but rejected by Mr Foot and the NEC. The other issue is the prevention of an inquiry into the Trotskyist Militant Tendency.

"If we permit the witch bunt to go on unchecked and unopposed," it demands, "how can we ensure that a future Labour Governmant will he different from the Wilson/Callaghan administrations, which so bitterly disappointed Labour supporters and led to the defeat at the 1979 general election?"

● Mr Tony Benn is among 21 left-wing Labour MPs who bave signed a letter to Mr Foot criticising him and the shadow cabinet for their silence on the dispute between British Rail and Aslef.

The letter, drafted by Mr Leslie Huckfield, the Nuneaton MP sponsored by Aslef, calls on Mr Foot to take a "more robust line." It says both the TUC and the NEC have given unanimous support to the union

Mr Foot has agreed to meet the MPs on Monday.

Defence officials spell out export moves

By David Fishlock, Science Editor

SENIOR Defence Ministry officials described to a Lords select committee yesterday the steps taken to imprnve export sales of defence equipment.

The officials said the minitry was:

● asking for discussions with industry before drafting staff targets.

● planning to make targets simpler.

● instructing managers to talk to industry, and he receptive to proposals.

The select committee on science and technology was inquiring into the MoD's £1.7bn research and development programme, and into criticism that Britain's R and D bndget for defence is too high a proportion of the total government R and D budget.

MoD witnesses agreed the ministry budget includes design and evaluation work which other countries do not include.

The recommendations of the Strathcona report, that many project support and test facilities sbould be transferred to industry, are being pursued, however.

About £260m of the ministry's R and D bndget is considered to be research, said Mr Harold Robinson, director-general of research.

Fowler announces £11m aid package for elderly

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A PACKAGE of over £11m to help the elderly was announced in the Commons yesterday by Mr Norman Fowler, Social Services Secretary, when he came under fire from the Opposition over the plight of old age pensioners.

An extra £10m will go to community care next year for joint financing between the National Health Service, local social services authorities and voluntary organisations. This brings the sum to £85m from the present year's £75m.

In addition, three NHS experimental nursing homes will be set up at Fleetwood, Portsmouth and Sheffield at a capital cost of £1.1m and an annual running cost of £720,000.

Half of this bill for the homes will be borne by the Department of Health and Social Security and half by local area health authorities. The homes are intended for elderly patients who do not need to be in hospital. They will be in charge of a nursa with medical care provided by GPs.

The Government is also to give a further £100,000 in grants to voluntary organisations for the elderly in addition to the £300,000 already allocated in the current year.

Mr Fowler was facing a Labour motion criticising the Government's record on pensions. The motion claimed that the Government's policies bad lowered the standard of living and quality of life of the elderly.

Mr Fowler, however, accused the Opposition of putting forward "fake solutions" which raised bopes but which did not measure up to the challenge.

Mr Brynmor John, Labour's spokesman on social security, promised that a future Labour government would restore the link between old age pensions and the rise in earnings.

Under the Labonr government pensions went up in line with the cost of living or the rise in earnings—whichever was higher.

This system was abondoned by the present Government and retirement pensions are now assessed on the basis of the retail price index.

Mr John told the House that the Government would save £500m in the current year by failing to link pensions to earnings. The cumulative effect was that a married couple on pensions were £2.90 per week worse off and a single person £1.80.

Mr John also called for more frequent upratings. It should be done at six monthly intervals when inflation went into donble figures, he said.

The £10 Christmas bonus was only worth £3 in real terms today and should be at least doubled. The death grant of £30, fixed in 1968, was pitifully inadequate and should be increased.

If the Government did nothing on all these matters it would demean the House of Commons and insult the intelligence of the people,

● The Government's difficulty in facing demands for the scrapping of index-linked puhlic service pensions became evident in the Commons yesterday.

Both the Prime Minister and Mr Francis Pym, Leader of the House, were at pains to tell questioners no decision had been made.

The Prima Minister brushed off speculation that an announcement was coming today.

Opposition says Britoil will diminish oil security

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT'S plans for reorganising the state-owned British National Oil Corporation will weaken the UK's security of oil supplies, Mr Ted Rowlands, an Opposition energy spokesman, warned yesterday.

Mr Rowlands said that during the 1978/79 oil crisis BNOC had played a crucial part in stabilising the oil market. In particular the corporation bad provided badly needed crude oil to the UK oil refineries of Burmah Oil and Conoco.

Speaking during the committee stage of the Oil and Gas (Enterprisa) Bill, Mr Rowlands said the state oil trading interests would bave less influence if the Government implemented its plans. Under the Bill BNOC is due to be split into a privatised exploration and production company called Britoil and a state trading corporation.

Mr Rowlands claimed that in a tight market, with rising prices, Britoil would follow the practice of other indepeodent companies and "dabble on the spot market." It would not be concerned with meeting UK oil needs. The security position could be made worse if—as rumoured—the Government was considering taking its royalty payments in money rather than as crude oil, Mr Rowlands added.

Mr Hamish Gray, Minister of State for Energy, denied that the country's security of supplies would be impaired. The state participation arrangements, which provided Government control over 51 per cent of all the oil produced, would be undisturbed by the reorganisation plans.

Mr Gray criticised Mr Rowlands for wrongly claiming—in a letter to Energy Secretary a letter to Mr Nigel Lawson, Energy Secretary, that the Government was entitled to renegotiate the state participation arrangements with Marathon Oil following the company's takeover by U.S. Steel.

Mr Gray said that under the terms of the original agreement —negotiated with the Labour government—the Government was not entitled to change the participation terms.

"I am being asked to commit a breach of trust," sald Mr Gray.

Next week in parliament

COMMONS

Monday: Employment Bill Second Reading.

Tuesday: Transport Bill Second Reading.

Wednesday: Rate Support Grant (Scotland) and Housing Support Grant (Scotland) Orders; *Harbours (Scotland) Bill*, Second Reading.

Thursday: debate on overseas development.

Friday: Private Members' Bills.

LORDS

Monday: agricultural and Industrial training Bills; Reserve Forces Bill; Shipbuilding Bill, Committee Stage. Antiquities Bill, Second Reading; debate on EEC report on annual accounts of banks.

Tuesday: Transport Finance Bill, Second Reading; Aviation Security Fund Regulations; Shops Bill, Second Reading; short debate on the personal *savings and housing* markets.

Wednesday: debates on local rates and on Iran.

Thursday: agricultural and industrial training Bills; Reserve Forces Bill, Shipbuilding Bill, Third Readings: Deer amendment (Scotland) and new towns Bills; Second Readings; short debate on huilding of workshops for small businesses.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Christopher Lorenz examines Sony's product strategy while **Louise Kehoe** looks at Silicon Valley's reaction to the Japanese challenge

Why the Japanese are prepared to wait . . . and wait

SONY IS prepared to wait over 20 years for a new product development programme to pay off, according to the company's founder and chairman, Akio Morita.

This unusually long term strategy, plus audacious marketing and advanced production technology, are three of the key componeots in Sony's remarkable success, says Morita.

In common with other Japanese companies, Sony's long view of profitability is reinforced by a rewards system which gives bonuses to sbop floor workers, but not to managers. Morita considers that American-style bonuses encourage executives "to look to short sighted profits" he told 450 atteotive top managers at the Europeao Management Forum's annual Davos symposium earlier this week.

Though Sooy bas an uousually low debt-equity ratio by Japanese standards, Morita admitted that the attitude of the banks helps Japaoese iodustry. His remark that "if you borrow large amounts of money from the bank, it always cares about the company" drew rueful laughter from many European executives who bad just been complaining about the short-term horizons of stock markets and of many European banks.

Outlining his marketing strategy for transistor radios in the early days of bis company's life in the 1950s, Morita said: "We realised that we had to begin by promoting the usefulness of our product in the new coocept of a personal radio. We therefore decided to market the product ourselves as well as to manufacture it."

Other companies followed a rather different strategy, be said. Some bougbt a good new product and marketed it under their own brand name. Others made it themselves but did not market it, instead turning it over to a "a company strong in marketing capacity to sell it for them. From our standpoint neither of these systems seemed to be wise in the long term although they migbt bave been useful methods in the short run."

To open up sucb a new marketing cbannel, in addition to manufacturing the product, was a very risky enterprise, said Morita. So top management bad to take full responsibility, just as it bad to for technological development.

Morita claimed that none of Sony's development projects had ever been "a big flop," and attributed this to the careful way in whicb projects are controlled, and in particular to the role played by the company's technological planning gronp, which reports direct to the eight-man top management team. Though he described himself as "baving been working as a marketing man for the last 25 years" Morita'a command of every aspect of electronic techoology waa consistently evident io his presentation.

"Once we were convinced about setting up a particular goal," he continued, "we in the top management of our company devoted our eotire efforts to the development of the new product, no matter what the cost would be, because we believed that (these) costs were our investment in the future of our company. And wben the product was created, we focused on the production of it for the market without thinking whether it would be too expensive to sell, when considering its total development costs.

Create demand

Critics of this approach are "afraid of taking up the cballenge" declared Morita. "At first the product's price may be qnite high and therefore the market may be small. But we will sell it in that small market to establish this new sector of our business. Then we will gradually create wider demand until finelly we can start mass production for an expanded market.

Sony's video recorder range was a case in point, said Morita. "Twenty five years ago we decided that the video recorder would be the next major product after television receivers. We realised that as long as we bad the tape recorder for recording voices, we would need a video recorder for recording pictures."

The first video recorder Sony developed was "a fairly large unit for industrial purposes. It was also quite expensive."

But the company was able to aell it in certain sections of the market because of its new features.

Sony then decided that the tape should be in cassette form so that the general public would be able to use the recorder. Its first such prodnct, today called the U-matic, was introdnced in 1969, well over a decade after development work bad first begun. "Now the U-matic video cassette system is a world standard for industrial video recording," said Morita.

Following the now classic strategy of moving from low volume high cost industrial market into the lower cost consumer sector, the company's next development was a small video cassette recorder for bome use.

When the first "Betamax" was introduced in 1975, "people criticised us, saying that no one would need such a machioe," said Morita. "We therefore devoted our efforts to spreading our new concept among the public. The task was a great challenge. It required a great amount of investment on the marketing side."

Sony's video recorders were an example of the way the company had met, tbe challenges of development production and marketing, Morita continued.

Nearly every industry in Japan bas bebaved in the same way, be said. "I believe that this is the way in which Japan bas been able to develop its industrial power." Sony always allowed ten years for a development project to become a commercial business, and it often took another ten to recover the investment.

Morita was reluctant to be drawn about Sony's future product policy. But under intense questioning about whether it would be going into the micro computer market, be gave a small hint: "I'm not saying we'll not go into computers."

New technology was crucial to future success, be stressed. But the task of developing it would be so large in future that "it will be necessary for corporations to join together"; Sony's research and development budget has been increasing sharply, from an average of 6 per cent turnover in the 1970s to 7 per cent in the current year.

Once the technology had been developed, bowever, Morita said each company would have to decide by itself what kind of products to make with it, in what way, and then compete.

C.L.

Roger Taylor

Akio Morita: has his eye on the future

The chips are down in California

"SILICON VALLEY could become the next Detroit," Governor Jerry Brown of California warned recently.

Japanese imports are threatening the U.S. semiconductor industry today in the same way that they bave already crippled Detroit's automobile makers. But while the auto companies lick their wounds, California chip makers are putting up a fight—they are determined not to give up their lead in supplying the world with electronic devices.

Despite falling profits, however, the major companies have resisted the obvious temptation to lay off some of their workforce. Instead they bave allowed attrition to rednce their payrolls somewhat, while pntting considerable effort—and money—into management schemes to increase prodnctivity, cut production costs and enhance product quality.

National Semicooductor takes the threat from Japan more seriously than most. Charles E. Sporck, the company's president, has told his workforce, "We are at war with Japan—not with guns and ammunition, but an economic war with technology, productivity and quality."

To bring that message home to all employees, National sent a team of four employees, representing a cross section of the company, together with a film crew, to Japan to view first band what "Made in Japan" really means. The resulting film documents a visit to a Japanese toy factory, and brings out the dedicatioo of the Japanese workers to their company and the pride that they take in producing quality products "for the customer."

In a particularly revealing scene, the Japanese quality control manager tells his U.S. counterpart that be puts the company first—even before his family. Another episode depicts a couple being married by the plant manager.

While National has no desire to exact such fervour from its workers, the company is showing the film to all its employees "to heighten their awareness of the Japanese challenge."

"This is not a reaction to a bad situation," claims Tim Thorsteinson, National's manager of corporate human performance programmes. "The film is part of our effort to communicate basic business information to everybody—to make them more involved."

National is basing its buman resources management strategy on a programme called "Quest for quality enhancement strategy."

Key elements of the programme are employee involvement, goal orientation, feedback and recognition for accomplishments. The programme is designed to be applicable to both blue and white collar workers and is being implemented at National's plants worldwide in the U.S., Asia and in Scotland.

Putting the principles into action, Thorsteinson has devised a problem-solving process that he calls TAP—for target analysis process. The process sounds remarkably simple. The management of a group of workers—it could be a production line, a marketing group or a design groop for example—identifies a problem. All employees of the targeted group then meet for a TAP session.

> "We are at war with Japan . . . an economic war"

Using the symbol of an archery target, the meeting begins with a brainstorming session in which all suggested solutions are listed in the outer ring. The group then votes to select seven of the proposals for discussion. Another vote moves three possible solutions into the next ring of the target. These ideas are further discussed until a final solution can be placed at the bull's eye. The whole process, according to Thorsteinson, takes less than an hour.

If it all sounds too easy, then Thorsteinson is the first to admit that it isn't always. Sometimes the solution arrived at is difficult to implement. On other occasions—such as when the system was recently introduced at National's plant in Greenock, Scotland—different production shifts will arrive at opposing solutions to the same problem. There, groups of workers discussed absenteeism. One shift suggested changes in the incentive scheme, wbile the other called for penalties for absence. "If for some reason a solution cannot be implemented, then management should explain why to the workers," Thorsteinson says.

On the whole, bowever, TAP bas been remarkably successful. National claims that yield improvements obtained using the process at the Scottish plant have been so high that it will not reveal the figures. "The scheme has saved National millions of dollars," Thorsteinson claims. His goal is to return to the company ten times the cost of the programme in measurable improvements of productivity.

"We are over half way to that goal," he says.

Thorsteinson believes that his scheme has several advantages over the quality circle approach that is taken by several other semicondnctor companies. Quality circles, be suggests, require eight to 12 weeks of training, involve only employees who volunteer and can be applied to only one problem at a time.

National's approach to improving its competitive position contrasts sharply with that taken by Intel—one of its major competitors in the semiconductor business. Intel's president Andrew Grove recently instituted what be calls the "125 per cent solution"—a scheme to increase the company's productivity.

He has asked all salaried staff (this does not include bourly paid labour or clerical workers) to increase their efforts by 25 per cent.

Different department managers have interpreted the request for extra effort in various ways, but for most of the 5,000 employees affected it has meant a 50-hour working week. Not surprisingly, some Intel employees are unhappy with the scheme, but, according to the company, most recognise the need to "work our way out of the recession rather than cut the workforce or put people on a shorter working week.

"We work on a management by objectives scheme. Each employee bas his own measurable objectives, and is trying to accelerate them," Jim Jarret, communications manager, explained.

Cynics have even suggested that Intel is looking for a way to decrease its workforce without having to lay people off, but Jay Elliott, the company's corporate personnel director, denies this charge and says that there has been no increase in the rate of turnover since the scheme was implemented last month.

The company's internal newsletter recounts the successes of the 125 per cent solution in glowing terms. A "product group has increased orders by 14 per cent.

The security staff group has reduced its costs by holding on-the-job training instead of classes in overtime.

"The only negative effect has been that people get tired," Elliott added. "This is not something that you can continue for ever." Intel is currently planning to continue extended work hours until the end of the first quarter, by which time the company hopes business conditions will have improved.

Advanced Micro Devices has just become the second semiconductor manufacturer to institute a longer working week for its employees. All salaried staff who would normally be paid overtime are being asked to put in an extra four hours per week for no extra pay.

Engineers and managers who do not qualify for overtime but who may normally work beyond 40 hours bave been asked by Jerry Sanders, AMD's president, to increase their working time by 10 per cent to make sure that they do not cut back their efforts.

AMD's rationale for increased efforts is much the same as Intel's—to get new products out faster and reap the rewards of higher profit margins on these devices. There the similarity ends.

> Intel's 125 per cent solution — a 50 hour working week

The "discipline" of Intel is reolaced by style and not a little humour at AMD, reflecting the character of the company's flamboyant president.

AMD has called its productivity scheme LARA—for Let's Achieve Record Activities. Lara, in case you had forgotten, was the heroine of Dr. Zhivago. "Just as Lara was a heroine in the Russian Revolution, we want our people to be heroes and heroines of the semiconductor revolution," a company spokesman explained.

Stretching the connection even further, he pointed out that LARA means "shining star." "And I don't have to tell you who the shining star of the semicondnctor business is, do I?" he added.

L.K.

TELEVISION

BBC 1

9.00 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.02-3.00 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 *Play School.* 4.20 Captain Caveman. 4.30 Think Agaio with Johnoy Ball. 4.55 Grange Hill. 5.20 The Amazing Adventures of Morph. 5.25 Welcome to Wodehouse (short stories by P. G. Wodehouse).

5.40 News.

6.00 *South East at Six (London and South East only).*

6.22 Natioowide.

6.45 Sportswide.

7.00 The Superstars: The Farguson Men's Championship.

8.00 Fame is the Spur, by Howard Spring.

8.50 Points of View with Barry Took.

9.00 News.

9.25 European Ice Figure Skating Championships from Lyous, France featuring tho Ice Dance Championship.

10.15 Face the Music: Quiz with Joseph Cooper.

10.45 News Headlines.

†10.50-1.15 am The Late Film: "Zorba the Greek," starring Anthony Quinn, Alan Bates and Irene Papas.

Chris Dunkley: Tonight's Choice

I would watch BBC-2's In The Country more often if it weren't for Angela Rippon. The too ready smile, the hint of bossiness, the sense of self-satisfaction and traces of sycophancy bring to miod teacher's favourite milk monitor, so I usually watch the series when she is not on. Yet tonight's episode, which promises a visit to St. Michael's Mount in winds of Force nine and 10, is very tempting despite her presence. Anyway it seems unfair to miss Tony Soper's excellent contributions oo wildlifo. That's followed by Newsweek (an outstanding current affairs series which is under threat of death yet again, for being too serious it seems) in which Keith Kyle considers the West's response to Poland's crisis.

BBC-1 brings 50 minutes of Tbe European Ice Figure Skating Championships from Lyons where Britain's Jayne Torvill and Christopher Dean will be attempting to retain the title. Later it's a toss-up between Zorba The Greek on BBC-1, a film which reeks of the mid-sixties, and television's most unpredictable chat show, *Friday Night Saturday Morning* which is chaired tonight by sociologist Laurie Taylor.

BBC 2

11.00 am Play School.

3.55 pm Around with Allis.

4.30 Flying High.

5.00 World Skiing Championships.

†5.40 "Sherlock Holmes and the Spider Woman," starriog Basil Rathbone.

6.40 Heroes.

7.10 Oxford Road Show.

7.50 News Summary.

7.55 In the Couotry.

8.25 Newsweek.

9.00 Little Ginoy Sings Country.

9.30 Playhouse.

10.35 Cartoon Two.

10.45 Nowsnight.

11.30-12.25 am Friday Night... Saturday Mornig.

LONDON

9.35 am Schools Programmes. 11.55 Comic Stories. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Simply Sewiog. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. 2.45 Friday Matinee: "Where the Bullets Fly." 4.15 Dangermouse. 4.20 Razzmatazz. 4.45 Jukes of Piccadilly. 5.15 *Square One* presented by Joe Brown.

5.45 News.

6.00 The 6 O'clock Show presented by Michael Aspel, with Janet Street-Porter and Fred Housego.

7.00 Family Fortunes presented by Bob Monkhouse.

7.30 Hawaii Five-O, starring Jack Lord.

8.30 Sbine on Harvy Moon.

9.00 The Gentle Touch, starring Jill Gascoine.

10.00 News.

10.30 Bizarre.

11.00 The Londoo Programme ... The Breakdown Business.

11.35 Soap.

12.05 am Paris by Night.

12.30 Close: Personal Choice with Quentio Crisp.

† *Indicates programme in black and white*

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. †2.45 Friday Film Matinee: "Appointment with Venus," starring Navid Niven and Glynis Johns. 6.00 About Anglia. 7.30 The Fall Goy. 11.00 Members Only. 11.30 Friday Late Film: "The Night Visitor," starring Max Von Sydow, Trevor Howard and Liv Ullmann. 1.25 am It's All In the Opera.

BORDER

1.20 pm Border News. †2.45 Film: "The Winslow Boy," starring Robert Donat and Margaret Leighton. 6.00 Lookaround Friday. 6.30 That's Hollywood. 7.30 The Fall Goy. 10.30 Take the Mick. 11.00 Bizarre. 11.30 Border News Summary.

CENTRAL

1.20 pm Central News. 2.45 Murder and Mystery Matinee: "The Old Man Who Cried Wolf," starring Edward G. Robinson. 4.15 Windows. 6.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 Invitation to Terror: "Halloween Night," starring Donald Pleasance. 12.55 am Barney Miller.

CHANNEL

11.55 am Look and Sea. 1.20 pm Channel Lunchtime News, What's On Where and Weather. †2.45 The Friday Matinee: "Green Grow the Rushes." 5.15 Emmerdale Farm. 6.00 Channel Report. 6.35 All That Jazz. 7.30 Hart to Hart. 10.28 Channel Late News. 10.35 Aujourd'hui en France. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "The Cat." 12.45 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 1.20 pm North News. 2.45 "*Mister Jancho,*" starring Patrick Macnee. 6.00 North Tonight including Sports Desk. 7.30 The Fall Guy. 10.30 Points North. 11.30 The Streets of San Francisco. 12.25 am North Headlines, Road Report.

GRANADA

11.54 am Wattoo, Wattoo. 1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Friday Matinee: "Rhodes of Africa," starring Walter Huston. 6.00 Kick Off. 6.30 Granada Reports. 7.30 The Fall Guy. 11.00 A Week on Friday. 11.30 For Adults Only: "The Pink Telephone."

HTV

11.50 am Cartoontime. 1.20 pm HTV News. †2.45 Friday Film Matinee: "Devil on Horseback." 5.15 Benson. 6.00 HTV News. 6.30 Mr and Mrs. 7.30 The Fall Guy. 10.28 HTV News. 10.30 The Good Neighbour Show. 11.00 The Late Night Film: "Gentlemen Prefer Blondes," starring Jane Russell and Marilyn Munroe.

HTV CYMRU/WALES—As HTV WEST except: 11.34-11.46 am About Wales. 12.00-12.10 pm Flalabalam. 4.15-4.45 Morchad Y Souk. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.00 Outlook.

SCOTTISH

1.20 pm Scottish News Headlines. 2.45 Abbott and Costello. 2.50 Friday Matinee: "*Man Without a Country.*" 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.30 Thingummyjig. 10.30 Ways and Means. 11.00 Bizarre. 11.30 Late Call. 11.35 The Streets of San Francisco.

TSW

1.20 pm TSW News Headlines. †2.45 "Green Grow the Rushes," starring Richard Burton, Honor Blackman and Roger Livesey. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 What's Ahead. 7.30 Hart to Hart. 10.32 TSW Late News. 10.35 Postscript. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "The Cat," starring Jean Gabin, Simone Signoret and Annie Cordy. 12.45 am South West Weather.

TVS

1.20 pm TVS News. 2.45 Friday Matinee: "They Might Be Giants," starring Joanna Woodward and George C. Scott. 6.10 Watch This Space ... 6.30 Coast to Coast. 6.00 Coast to Coast (continued). 6.30 Friday Sportshow. 7.30 The Fall Guy. 11.00 Horror!: "Or Blood's a Coffin," starring Kieron Moore. 12.40 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. †2.45 Friday Matinee: "The Arsenal Stadium Mystery," starring Leslie Banks. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 7.30 The Fall Guy. 10.30 North East News. 10.32 From Here to Eternity (part 3). 12.20 am Poet's Corner.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Hear, Here. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Diff'rent Strokes. 7.30 The Fall Guy. 10.29 Ulster Weather. 10.30 Witness. 10.35 Gloria Plus. 11.35 Bedtime.

YORKSHIRE

1.20 pm *Calendar News.* 2.45 Friday Film Matinee: "They Might Be Giants," starring George C. Scott and Joanna Woodward. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 The Fall Guy. 11.00 Thriller: "Killer With Two Faces."

RADIO

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 6.00 Simon Bates. 11.30 Dave Lee *Travis.* 2.00 *pm* Paul Burnett. 3.30 Steve Wright. 6.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Ray *Moore* (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed. *Stewart* (S). 4.00 David Hamilton (S). 6.45 News; Sport. 8.00 John Dunn (S). 8.00 Sequence Time (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 Listen to Les. 10.30 Anything for a Laugh. 11.15 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued) (S). 9.00 News. 9.05 This Week's Composers: Albinoni and Marcello (S). 9.45 Melos Quartet of Stuttgart (S). 11.20 Very Old and Very New (S). 12.15 pm Midday Concert, Part 1 (S). 1.00 News. *1.05 Interlude.* 1.20 *Midday Concert,* Part 2 (S). 2.05 Cello and Piano Recital (S). 2.45 Zuzana Ruzickova, Harpsichord Recital (S). 3.25 Mahler and Prokofiev (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Sibelius (S). 7.30 Songs by Fauré, Wolf and Strauss, Part 1 (S). 8.05 Poetry Now (S). 8.25 Songs by Fauré, Wolf and Strauss, Part 2 (S). 9.15 The Moment of the Flying Fish (short story by Jack Trevor Story). 9.30 Copland and Gershwin (S). 10.15 Book, Music and Lyrics (S). 11.00 News. 11.05-11.15 Vexations, by Satie (S).

RADIO 4

6.00 am News *Briefing.* 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 8.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Great Families of Britain. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Word! (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). *4.05 Poetry Please!* (S). 4.15 Modern French Writers. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America, by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon delves into the BBC Sound Archives. 12.00 News.

FT COMMERCIAL LAW REPORTS

Manufacturer can set gilts loss against tax

COOPER v C & J CLARK LTD

Chancery Division: Mr Justice Nourse: February 2 1982

WHERE A trader invests surplus monies in securities in such a way that it can be argued that he does so pursuant to a deliberate and organised profit-making scheme amounting to a trade, the tax commissioners are entitled to take the view that the subsequent losses are *trading losses for corporation tax purposes;* and if they do so, the court, though it might have taken the opposite view, cannot interfere with their decision.

Mr Justice Nourse so held when dismissing an appeal by Alan Cooper, inspector of taxes, from a decision by the General Commissioners for the Somerton district of Somerset, that C. & J. Clark Limited, shoemakers, were entitled to deduct losses made on investments in securities when computing their profits for the purpose of corporation tax.

* * *

HIS LORDSHIP said that Clark's main trading activity was the manufacture and sale of boots and shoes. In April 1976 it had a cash surplus of around £1m, not immediately required, and wanted a profitable way of using it. It had power in its memorandum of association to invest and deal with any monies "not *immediately required.*"

It placed the surplus monies with merchant bankers who, between April and December 1976, invested them in a variety of gilt-edged securities in a total of 13 transactions. During that *period the market fell sharply* and Clark suffered a net loss of £96,587.

The question was whether Clark was entitled to deduct the loss when computing its profits, for corporation tax purposes, for the year 1976.

Clark contended that the loss arose from a separate trade of dealing in securities, whereas the Crown contended that it arose from a temporary investment of monies surplus to current requirements not amounting to such a trade.

The General Commissioners reduced the assessment which had been made on Clark for the relevant accounting period. They expressed their decision by saying that it was right for Clark to record the transactions as a trading loss. They gave no reasons for that decision, but it must be assumed that they accepted Clark's contention that the loss arose from a separate trade of dealing in securities. The inspector of taxes now appealed against the commissioners' decision.

It was settled law since *Edwards v Bairstow [1956] AC14* that in order to succeed on an appeal of the present kind the Crown must first show that on the material facts the true view *was that the loss arose from a* temporary investment of monies surplus to current requirements not amounting to a separate trade or dealing in securities, and secondly that that was the only conclusion to which the commissioners could have come.

The principal considerations to be deduced from the authorities which were material to the present case were as followed: (1) marketable securities, being income yielding assets, which were usually capable of appreciating in value, were *prima facie* purchased and sold by way of investments and not by way of trade; (2) a series of purchases and sales might sometimes be carried out—pursuant to a deliberate and organised scheme of *profit-making amounting* to a trade; (3) it was easier to characterise a series of purchases and sales as a trade in a case where they were made by a trading entity as opposed to an individual; (4) in the case of a trading entity that characterisation was more easily made where the purchase and sales were of frequent occurrence and extended over a long period; (5) it was sometimes helpful, although not usually decisive, to see whether the series of sales and purchases was speculative or not.

If the facts of the present case were viewed in the light of those considerations, it was clear that everything depended on whether they were covered by the second of them.

*

Mr Park, on behalf of Clark, submitted that the purchases and sales were carried out pursuant to a deliberate and organised scheme of profit-making which amounted to a separate trade, notwithstanding that there were only 13 transactions and that they only lasted over about nine months.

In elaboration of that submission Mr Park said that Clark was, in a deliberately organised manner through the medium of the merchant bankers, playing the bond market with a view to making greater profits than it would have got from leaving the monies on deposit or using them in some other more conventional way.

He also said that it was a speculative process in the sense that Clark stood to make or lose money, depending on how the gilt-edged market moved in the short term. He said that it was a case where the speculative nature of the series of sales and purchases emphasised that it was a trade rather than a course of investment.

If his Lordship's function were simply to decide the case on the facts, he very much *doubted that he would have* taken the view that the loss of £96,587 arose from a separate trade of dealing in securities. The purchases and sales in question were markedly insignificant in relation to Clark's other activities. However, that was not his function. He must consider whether the latter view represented the only conclusion to which the commissioners could reasonably have come.

*

The question whether a given state of affairs did or did not amount to a trade was one of fact and degree. Sometimes it was clear to the court that there was or was not a trade. In such cases the court could interfere with the commissioners' decision. Often, as Lord Simon of Glaisdale said in *Ransome v Higgs [1974] 1 WLR 1594* at page 1619: "Between the two extremes there lies a no-man's land of fact and degree where it is for the commissioners to evaluate whether the activity amounted to a trade."

The court could interfere only where the degree of fact was so inclined towards one frontier or the other as to lead it to believe that the commissioners could reasonably have come only to one conclusion.

The present case fell just within the no man's land on the ground that it was indeed open to the commissioners to take the view embodied in Mr Park's submission.

An additional point was that the definition of "trade" in section 526(5) of the Income and Corporation Taxes Act 1970, included an "adventure in the nature of trade." It did seem possible that the commissioners could and might have taken the view that although it was not the usual example of an adventure in the nature of trade, such as the purchase and sale of a single piece of land, nevertheless it was comparable in the sense that it was a one-off series of transactions in the nature of trade.

In all the circumstances, his Lordship could not interfere with the commissioners' decision.

Appeal dismissed.

For the Crown: James Holroyd Pearce QC and Michael Hart (Solicitor, Inland Revenue).

For Clark: Andrew Park QC (Slaughter & May).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

RAMBLIX caused more than a minor surprise when he galloped home to a 25-1 victory in last year's Wilfred Johnstone Hunters' Chase. It will be interesting to see how he copes this year with another 7 lbs in the saddle.

He will undoubtedly have his supporters. But the lack of a previous outing and the fact that the race is now being run at Kempton (Sandown is being rebuilt) are not points to sway uncommitted backers.

A horse which deserves closer scrutiny is Peter Greenall's progressive young recruit, Song of Life.

Ridden by his handler, the 1976-77 amateur champion, Song of Life can get back on the winning trail by taking advantage of the 3 lbs he receives from Josh Gifford's most consistent middle distance chaser of last season, Roadhead.

Gifford, for whom Socks did the trick in the Park Handicap on this programme a year ago, should be back in the winner's enclosure again following his return from a much-needed holiday. In addition to Roadhead he holds Random Leg, amongst the runners for the Fairmile Novices' Handicap Chase.

Random Leg is a *top-class* hurdler on his day (as he showed at Fontwell) and has taken well to the bigger obstacles. He will have few problems in conceding weight to some lesser lights provided that a careless blunder does not put him under pressure.

For the two divisions of the February Novices' Hurdle, backers are probably best advised to row in with the fortunes of Gifford's holiday golfing partner, Fred Winter. In the opener the Uplands handler saddles that highly-rated recruit from the Flat, Al Kuwait. In the second division he relies on that game six-year-old, Young Dusky.

KEMPTON

1.30—Al Kuwait***
2.00—Excelsior
2.30—Random Leg*
3.00—Song of Life**
3.30—Locksley
4.00—Young Dusky

KELSO

1.15—The Cliftonian
1.45—Go Lightly
2.45—Irishman

THE PROPERTY MARKET BY MICHAEL CASSELL

Ronson wins the Bank

NATIONAL Westminster Bank's decision to take Howard Ronson's as yet unbuilt 580,000 square feet office scheme in downtown New York involves one of the largest letting deals seen in the City during the last decade.

Only the recent letting of 700,000 square feet of space to City Investing in Olympia and York's Battery Park scheme seems to have beaten the NatWest agreement in size, but when it comes to UK involvement this particular deal beats the field.

For while the 30-storey tower at 175 Water Street in Lower Manhattan's financial district is being put up by Mr Ronson (now of New York and Monaco but lately of the UK), the British tenants were introduced to the scheme by none other than Jones Lang Wootton, the UK agents and surveyors whose influence on the local real estate market appears to be somewhat more than marginal.

The site for the Ronson building is arguably one of the best downtown locations, on the edge of the South Street Seaport area which is due to undergo total transformation at the hands of the Raus organisation. Plans involve new shopping, hotel and leisure facilities.

Terms of the leasing include an initial gross rental of $38 a square foot—implying an annual rent roll of $22m—which lies towards the top end of going rents in the financial district. Perhaps as interestingly, however, Jones Lang Wootton have managed to obtain a 75-year lease on the building instead of the more normal 10-20 year period.

NatWest will initially sub-let some of the space, although the eventual intention is to occupy the entire building as U.S. operations cotinue to grow. At present, the Bank is located in offices throughout the City.

According to Simon Milde, of Jones Lang Wootton New York, work on the site — at present a car park—started on Monday and the building will be completed in the first half of NEXT YEAR.

As for the developer, HRO International, of which Mr Ronson is the international chairman, has become one of New York's most influential — not to say colourful — developers with over 2.3m sq ft of office space built or underway.

Mr Ronson has clearly not settled for the quiet life since his UK property days and Department of Trade criticism over his suitability as a company director. New York schemes under the belt of his private company include 350,000 sq ft of renovated offices at 30, Broad Street and another 300,000 sq ft of modernised floorspace at 50, Broadway.

About 300,000 sq ft are going up at One, Exchange Plaza and this is due to be joined by another 400,000 sq ft next door. There is another 156,000 sq ft just off Park Avenue and about 150,000 sq ft at 85 John Street.

Mr Ronson's interest in a 270,000 sq ft office scheme on Third Avenue has just been sold off while plans for a $110m skyscraper next to St. Bartholomew's Church continue to prove something of a stormy saga.

Hammerson gets Brent Cross go-ahead

BARNET Council in north London is to go ahead with the sale of its rental interests in the Brent Cross shopping centre to Hammerson Property and Investment Trust. The Council has agreed to sell for £17m its 16 per cent share in the centre's rental income, currently totalling about £1m a year. Hammerson will also get an effective 60-year extension to its current 125 year under lease, only five years of which have expired. The deal, due to be concluded by the end of March, will give Hammerson about 40 per cent of rental income, leaving the remainder with head-leaseholders Standard Life.

● St. Martins Property Corporation has won planning permission for proposals to develop a £40m "hi-tech" factory and office complex near Swindon. The 80-acre site is at junction 16 on the M4 and the company plans to build 1.05m sq ft of floorspace. About 65 acres will be developed, with the remainder reserved for landscaping. Hartnell Taylor Cook acted for St. Martins in the acquisition and are letting agents for the scheme, which will start in the autumn.

● Hunting Gate Group has been chosen by British Waterways Board for the complete redevelopment of Limehouse Basin in London's East end. Hunting Gate's scheme will involve a £70m investment over six years and the plans will include 600 homes, a 50,000 sq ft hypermarket, 66,000 sq ft of other shopping, 36,000 sq ft of offices and leisure facilities.

New look for Unilever at Blackfriars Bridge

UNION leader Clive Jenkins' assertion that technology is taking over from people in offices is partially borne out by the facts behind Unilever's current six-year renovation programme for its London headquarters building on the Embankment.

While Unilever is relocating some of its headquarters staff to reduce numbers from 1,850 to around 1,500, the development of a new North wing behind Unilever House will add 70,0000 sq ft to the 190,000 net of the main headquarters building. As a result, the group now wants to dispose of three interlinking buildings—totalling 135,000 sq ft net—which previously formed part of the complex.

The disposals, on an island site bounded by Tudor Street, Dorset Rise and Bridewell Place, involve:

● St Bridget's House, 75,000 sq ft net, freehold, asking price £15¾m;

● Kildare House, 50,000 sq ft, freehold, going for £11m;

● Conway House, 9,500 sq ft on a 68 year lease from the City Corporation at a fixed ground rent of £350 per annum, £1.4m.

Bert Sugarman, group property controller, says that the total asking prices of just over £28m are based on a rent of £13 a sq ft, with lower figures for the least attractive space. Unilever is, alternatively, offering the three buildings on leasehold at a total rent of £1.75m.

If the buildings sell, and sell for the asking price, Unilever will have covered all but £9m of its refurbishment and redevelopment costs, which it estimates will total £37m by the time the project is complete.

The £12.8m spent on the new North wing, meanwhile, brings Mr Jenkins ideas back into play. Built for function rather than style, the new wing contrasts strongly with the extravagance of the 50-year-old main building; it is largely open-plan, and was designed with larger, service departments—such as personnel, marketing and accounts —in mind.

But Unilever is clearly keeping its options open for the longer term. Mr Jenkins may have a point, says the property team; the new wing was designed not only to be highly functional, but eventually saleable as well if the need arises.

WILLIAM COCHRANE

Rents ease upwards

CITY OFFICE rents will be hard-pressed to rise by more than an average 7-10 per cent during 1982, according to Richard Ellis, the agents and surveyors.

The latest Ellis review of prospects for the property market in the Square Mile says that the surplus of space which characterised the office market in 1980 and 1981 will fall during the year to about 500,000 sq ft from around 1m sq ft. The agents say "a return towards balance in the market is approaching."

The outlook is for an easing upwards of demand for office accommodation by the second half of 1982, leading to an annual take-up of between 2½m-2¾m sq ft, compared to 2.3m sq ft in 1981. New supply of space coming onto the open market for letting seems unlikely to fall below 3-3½m sq ft against 3.3m sq ft last year.

Ellis is sticking to its forecast that prime City rents will reach £40-£45 a sq ft by 1985 and points out although average rent increases this year will be limited, rises for best space in the central area may well move upwards by as much as 15 per cent.

With prime rents for reasonable amounts of space already up to around £27 a sq ft, the agents accept, however, that the approaching psychological barrier of £30 a sq ft could impose a temporary restraint on the market.

French revolution gathers pace

PRESIDENT MITTERRAND'S new wealth tax is stepping up the pace of the silent revolution now taking place within the French property investment market.

The prospect of heavy taxes on individuals with personal fortunes in excess of FFr 3m and an additional FFr 2m in business assets is already speeding up the widespread transfer of privately-owned commercial property into the hands of the institutions, according to the Paris office of Weatherall Green and Smith, the UK-based agents.

The private investor has played a dominant role in the French investment market for many years although the long-term effects of the Tax are difficult to assess, many owners have already decided to sell.

According to Mr Peter Buttery, senior partner in Paris: "There are more private investors in French commercial property than we care to think and, even in prime locations like the Champs Elysées, many buildings are still in private hands.

"Over the next 18 months, we expect to see a growing volume of sales involving private investors and, in a country where they are still a major force in the market, it will inevitably mean institutions totally dominating the commercial property scene."

Immediately after last year's socialist-communist success at the polls, many institutions withdrew from the property market and often reduced their commitments by over two-thirds. Despite the general "wait and see" attitude, however, some of the more adventurous institutions have been taking on speculative developments with the consequent development yield, rather than opting to wait for properties emerging as completed investments.

For the most part, most institutional purchases during 1981 were limited to something around the FFr 10m level.

Weatheralls say that the French institutional market's reluctance to invest in shops (it is rare to find a portfolio with more than 5 per cent in retail) could now change because of the trend towards smaller investment packages and the exit of the private owner.

At the same time, the agent believe the pension funds will from now on be stepping up their limited commitments to offices, providing measures are not taken to limit their present advantageous tax status.

Weatheralls say the overall market has managed to remain relatively stable despite the momentous changes of 1981 and the agents reckon that recent artificially high yields created by the wide choice of investment available will often return to the historic all-time lows of 1980 as institutional interest continues to grow.

TECHNOLOGY

EDITED BY ALAN CANE

Eastman Kodak has launched its new camera—a revolution for amateurs, says ELAINE WILLIAMS

Disc could turn the film process industry on its head

EASTMAN KODAK hopes to turn the amateur photographic industry on its head with its new camera system.

Announced only two days ago, the camera, aimed at the mass market, uses a revolutionary disc instead of a cooveotional roll film.

Kodak says it is inexpensive, simple to use and produces better qoality pictures than most pocket cameras.

The pocket sized disc camera is due on the U.S. market in May and will be launched in Europe in the autumn.

Kodak hopes that it will give a new lease of life to the amateur photographic market which has shown slow growth in the past few years.

It will also mean that film processors — whose business is worth more than £210m a year in the UK alone — will need to buy oew equipment to process the new film.

For Kodak, which processes more than 25 per cent of all films in the UK and other film processors, the new system could lead to cheaper processing because the disc system is ideally suited to almost completely automatic processing.

The company has already designed the processing equipment and has started to instal some at its laboratories in Hemel Hempstead as well as the U.S.

The disc is reminiscent of a child's View Master disc having 15 film frames. It is enclosed in a protective plastic cartridge which is simply slipped into the camera.

From each frame, which measures only 8mm by 10mm, standard sized prints can be made. Kodak claims that the quality of the print is an improvement on both "instant" and pocket type camera pictures.

Once loaded, the camera with its microprocessor braio takes over control. It is powered by lithium cells which will probably last longer than the camera itself, and the microprocessor eosures that energy is not wasted by automaticaly switching off.

All the user has to do is aim the camera. The microprocessor detects tha light level, sets the exposure, operates the flash if light conditions are poor, and automatically advances the film to the next frame once the button has beeo pressed.

Kodak has also introduced a oew film which at 200 ASA is twice the speed of film used for instamatics. This means that the number of blurred photographs caused by too much movement while taking pictures is reduced.

While the prospect of a relatively cheap camera system, which is practically 'idiot proof,' would be welcomed by the average holiday snapper, Kodak's new system will mean costly investment for the film processors with Kodak the sole supplier of the equipment.

The discs can be stored easily and Kodak hopes that this will stimulate more reprints which is a small part of the processing market.

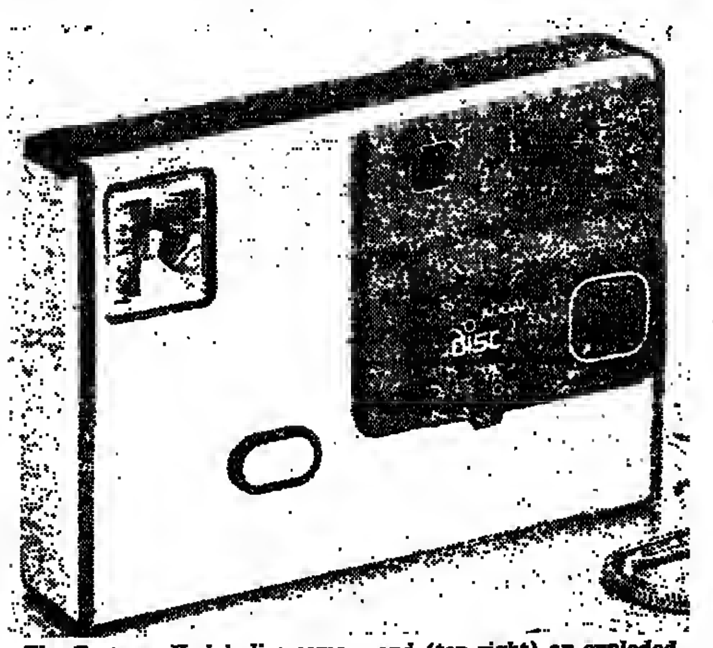
Kodak's announcement comes at a time of iocreasing competition from Japanese manufacturers for its traditional film and camera markets.

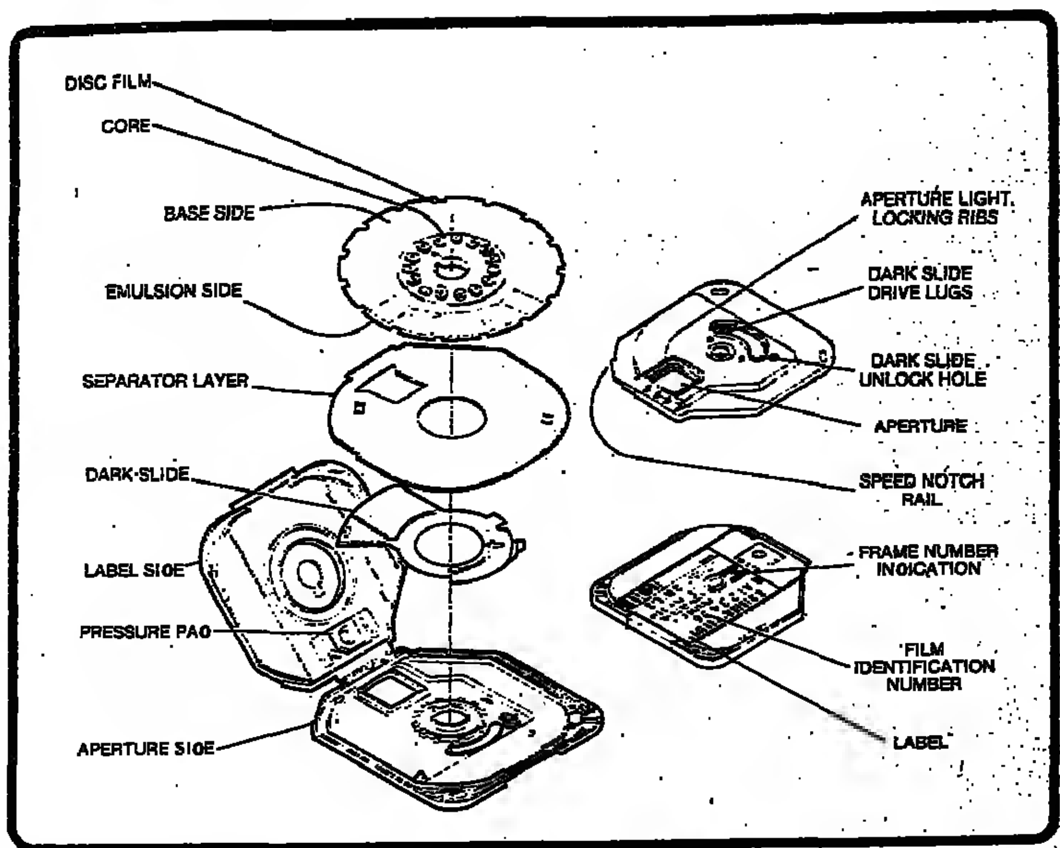
Io the future, the company, which bas an estimated 60 per ceot of the free world's amateur photographic market, faces the prospect of more pressure from electronic cameras which store images on magnetic tape and disc instead of chemically based film.

Sony, in Japan has already annouoced its Mavica camera, based on this principle, which will be oo sale oext year.

However, Kodak shrugs off this electronic threat saying that image quality is poor on the video systems and most people want to carry pictures around with them instead of having to watch them on a television set which is required with the Mavica system.

However, the company is known to be developing electronic systems of its own, but will wait until the market and the product is right before introduction.





The Eastman Kodak disc camera and (top right) an exploded diagram of its innards.

Controller for welds in the '80s

BRITISH FEDERAL WELDER has introduced its Micropak 16 controller which offers up to 16 programmes and can be arranged individually for spot, projection, seam, multi-welder and robotic applications.

The controller can monitor the status of the weld, cycle time, programme number in use and also has a fault code system.

Interest

When linked to a central computer up to 254 separate Micropak onits can be connected via a single databus.

The company calls it the "Weld Control of the Eighties" and says that it has been introduced to BL to supersede existing weld control systems. As a result, other international car makers are showing interest.

British Federal Welder is at Castle Mill Works, Dudley, West Midlands, (0384 54701).

Stock Miser device due for April launch

BY RHYS DAVID

BIG improvements in stock control are claimed from the use, of a newly developed measuring device which converts the beight of liquids or solids in a vessel into a volume read-out or print-out.

The microprocessor-based system, called the Stock Miset, has been developed in Manchester in conjunction with the University of Manchester Institute of Science and Technology (UMIST) by the UK subsidiary of the Swiss measurement company Endress-Hauser.

It is being evaluated by a number of potential customers in process industries including Greenall Whitley and Courage, the brewing groups, and Fibreglass, the Pilkington subsidiary. A formal launch of the product will take place on April 1.

As well as converting linear height in a tank into volume the device is also capable of giving consumption rate details, desired delivery times and quantities, and can activate an alarm wheo reordering is necessary.

The system costs roughly twice as much as the £500-600 a conventional level gauge might be expected to cost but this can soon be recouped, the company claims, from better stock control efficiency.

In addition to the single ohannel instrument the company is also offering a multiple channel device linking op to eight vessels to the microprocessor controls. Further development of the system will lead, it is hoped, to a device suitable for use with batch as well as cootinuous production processes.

Endress and Hauser, fouoded by two Swiss oearly 30 years ago, is now a major force in process measurement with more than 1,200 employees worldwide aod manufacturing facilities in a oumber of European couotries and in the U.S. and Japan.

From level measuring—its first area of activity—the company bas moved into flow, moisture and analytic measuremeot. The main applications of the company's devices are in production control—ensuring continuity of output, thereby ensuring good intermediate and end-production, and in safety—preventing tanks from overspilling or pumps from running dry.

In the UK, where the company set up a sales office in 1968, sales have grown to about £2.3m last year, with ICI and BP now among the regular customers. The British subsidiary, employing about 60 people, moved to new premises in Manchester in late 1980, representing an investment of £500,000.

According to the company, this has made possible a sixfold increase in UK manufacturing capability, reduciog dependence on imports from other parts of the group, creating jobs and offering the opportunity of exported products.

The company imports much of its requiremeots for the British market from sister companies but claims to have increased to around one-third its local manufactured proportion of sales.

Grant benefit

Apart from the Stock Miser the UK develops all custom-built products and other special instruments required specifically for the UK market such as underground heavy-duty level switches for the NCB.

In developing the Stock Miser the compaoy has benefited from a 25 per cent grant under the Government'a MAPCON scheme aimed at speeding the introduction of microprocessor controls into industry.

The UK company la now hopeful that if the prodnct is successful in the UK it will be adopted for sale by other group companies. Considerable interest is already being shown by Endress & Hauser's Germao subsidiary, its biggest, and by other companies in the group.

Endress & Hanser (UK) is at Ledson Road, Manchester (061 998 0321).

THE ARTS

Old Vic

Zaide by RODNEY MILNES

Italo Calvino's linking narration for Mozart's unfinished Singspiel was first performed by Musica Nel Chiostro at Batignano last summer, and welcomed on this page by William Weaver. For the company's performances in London—repeats tonight and tomorrow—Mr Weaver translated the text but not, alas, the lyrics and melodramas which were here delivered in a wide variety of Anglo-Scottish-Welsh-accented German.

The idea of a spoken narration is a good one. Not only are the 15 musical numbers that Mozart wrote before abandoning the project too good, and too theatrical, to languish in concert performance, but the ramifications of the presumed plot are too complex for mere in-filling with dialogue from a contemporary and similar Eastern Singspiel—as was proved by the rather dim version staged at last year's Wexford Festival.

With a true novelist's imagination Calvino homes in on a most interesting character, the renegade Christian Allazim who served the vengeful Sultan and mines some justified fun from speculating on his motives for aiding—or not as the case may be the escape of Zaide and Gomatz from the harem. This involves several re-takes as it were, of the first act action, together with repeats of the musical incipits, and a variety of denouements to choose from at the end. Although Marius Goring, perhaps remembering his previous West End appearance in Sleuth, obviously relished presenting a Borges-ian mixture of reality and illusion one felt that a smaller auditorium than the Old Vic's might have allowed him to proceed at a rather brisker speed. The action occasionally *hung* fire.

The production minimally designed by Adam Pollock, with the Old Vic costume sale in mind (racks of frocks and some old flats) and smoothly directed by Graham Vick (making effective use of the revolve) was on the whole well cast. The title role needs a soprano capable of tackling Constanzo, and with similar reserves of breath control. Deborah Rees has more modest resources but she used them skilfully, phrasing with feeling and, most importantly, singing the varied music as if she meant it all. For all its lack of tonal weight, her "Tiger! Tiger!" had marvellous spirit.

The two tenors were well contrasted; Adrian Thompson's lyric tone as well suited to Gomatz as was Neil Jenkin's wirier voice to the Sultan—both his handling of the florid vocal writing and his familiar dramatic intensity carried great conviction. As Osmin, the harem guard, a character who doesn't quite work in Calvino's readings, Robert Dean made much of his laughing song. With so much emphasis on the character of Allazim, a more experienced bass than William Mackie was perhaps needed: his rather hollow tone found a proper focus only in the second act.

Jane Glover conducted an appreciative performance—and there is much to appreciate in this score—and her small band made up with spirit what they were lacking in finesse. The balance in the theatre worked well; with luck (and money) the Vic could be used more often for opera, certainly for enterprises as worthwhile and absorbing as this.

William Mackie, Deborah Rees and Adrian Thomson — Leonard Burt

Strand

Murder in Mind by B. A. YOUNG

Mary, a pretty blonde art-dealer, should have been on her way to Boston when the curtain rises, but there was trouble with her plane and she comes home to find her home full of people she doesn't recognise. They say they are her husband Jack, her cousin Peter and her sister Stella, and they are ready with all the right answers when she summons the police. What they are after is whatever it was she should have had with her on the plane. What she wants is George, a friend who is unaccountably missing. In spite of the efforts of Jack and Peter and Stella to keep her from communicating with anyone, she summons Noel, her doctor; and when he arrives I reach the point where I should tell you no more.

Terence Feely is an experienced thriller-writer, and he keeps his two mysteries in play well enough until the obligatory exposures. To my mind, he keeps them going by too much use of conventional thriller padding. Every cliché of the murder play comes up in turn—the unexpected villain outside the door, the sadist who delights in nitric acid, the body in the cupboard, the sudden reversal of the situation with a curtain-line at the interval.

These are as much part of the expected furniture of a thriller as the handsome post-Lutyens sitting-room of a country house (though this house has a curious plan and visitors at the front door can only make themselves known by banging as if they were visiting the Macbeths). If a long-delayed resolution is what is required, Mr Feely has done his bit. My difficulty was not so much in believing the situations as believing in the people. Nyree Dawn Porter is half-hysterical most of the time, but she might have done something to suggest a wealthy expert on Tintoretto besides saying that that's what she was. In default, I could only place her as a spoilt young woman of less than average intelligence.

Geoffrey Davies as the sadistic Peter is straight from stock, not altogether his fault considering his lines; sister Stella (Moira Redmond) is quite without personality. Jack, the husband, is played by Roy Dotrice in a mood of black suspicion that hardly lightens even when things seem to be coming right for him. Basil Hoskins as the doctor has to alternate two personae, and they both come out all right; the fact that he always seems so shifty is due to something I must not say. Frankly I felt that none of the company seemed really at home, though I see they have been playing since May of last year. The director is Anthony Sharp, and that architecturally odd house is the work of Graham Brown.

Cinema

Something good from Poland

by NIGEL ANDREWS

The Contract (AA) Gate Camden
***Hell Night* (X)** Classics Oxford Street and Leicester Square
Deadly Blessing (X) Classic Haymarket and Studio
A Girl frsm Lorraine (AA) Academy

In Krzysztof Zanussi's *The Contract*, another morsel of priceless pre-freeze movie act from Poland is thawed out and put on your plate by Cinegate Distributors. They recently gave us Zanussi's *The Constant Factor* and Krzysztof Kieslowski's *Camera Buff*, both pointing fingers at the Writing on the Wall in chilly Poland a year or so before all exposed fingers got sudden frostbite. Zanussi, fortunate man, is still at liberty, having been out of the country when the tanks rolled. But *The Contract* is an eyewitness account of what was lying on the road just before: a country in a state of brave and insecure vitality, and of vibrantly conflicting beliefs and loyalties between the generations.

Zanussi allows his tale to unspool in (relatively) high society; with the exchange of civil vows between a rich doctor's son (Krzysztof Kolberger) and a well-off activists daughter (Magda Jaroszowna) and the church marriage the following day at which the bride suddenly says "No" to the priest, the priest does a 8abber-jawed double-take and the bride cuts-and-runs into the snowy afternoon.

The shell-shocked relatives adjourn for a bravely business-as-usual wedding party at the doctor's villa, where the absence of the hymeneal pair—she's disappeared, he's out looking for her—scarcely impair (or perhaps spur on) a progressively tipsier and wilder Bacchanal.

Maja Komorowska swans through with never-say-die smile as the groom's mother and all-coping hostess: mopping up here a drink there a fist-fight. Tadeusz Lomnicki is the snow-haired, granite-handsome father; a ladykiller emeritus now under siege from younger "killers" who want to carve a career through his business and government contacts. And Leslie Caron pops up from Paris as an ex-ballet dancer Aunt whose terminated pact with Terpsichore has now given way to a compulsive contract with kleptomania. (Shock, horror: suddenly the guests are missing watches, dollars and papal medallions.)

The "contract" of Zanussi's title is multi-meaning and as much to do with the unspoken bonds between young and old, those-with-power and those-without as with the "contract" of matrimony. By fleeing the Church's benediction on her wedded bliss, the bride says no to the nexus of liabilities she sees about to be knotted around her husband's head: job, house-purchase, genuflections to Papa for career advancement. At the end of the film the groom, having got the message at last albeit in a haze of vodka fumes, sets fire to the family house while the guests are out enjoying a midnight sleigh-ride. Chaos, confusion, catharsis: and a reluctant enlightenment.

Zanussi doesn't applaud the young rebels any more than he chastises the older generation. As in Renoir's films, "Everyone has his reasons." *The Contract* has the swing and mordancy of a well-spiked social comedy. The party, it's true, goes on a mite too long and the younger characters are sketched in coarser, thicker strokes than their seniors. (The groom seems one-note boorish. Caron's English-speaking daughter one-note hippy-rebellious). We are also brained with occasional chunks of symoblism involving deers: deers frightened by horses at the beginning, a deer eating from an overturned dustbin at half-time, the final-frame close-up of a stag glaring at the camera. (Does this represent the Free Spirit of Poland rising from fear and parasitism to final strength? *Faites vos jeux*).

When not railroading us with messages and top-heavy emblems, Zanussi's *The Contract* is a tragicomedy both serious and scintillating of Human Freedom at bay. See, study and enjoy.

Next, horror.

In order to become a member of Alpha Sigma Rho fraternity—or sorority—you first have to spend a night in Garth Manor. I'm sure you know what that means. Ghoulies, ghosties, long-leggedy beasties and Special Effects men who go hump in the night.

Who would be an American college student today? When not burying your head in Thoreau or Emerson you are having it lopped off by aggrieved lady students who died 50 years before (*Ghost Story*) or, as this week's *Hell Night*, having your cerebellum scared out of you by practical-jokers masquerading as initiants into college freemasonry. Linda Blair of *The Exorcist* leads the quartet of youngsters having a sleepless night in a chateau-style abode haunted by real as well as ragging ghouls. Carpets rise from the floor, pendulant bodies plop down at noose-end and the bump under the bed-clothes is not the hot-water bottle but your girlfriend's severed cranium.

As horror spectacles go, *Hell Night* is par for the corpse: decently plotted and fair-to-spiritedly directed directed by Tom De Simone. It's certainly better Gothic value than the week's other horror helping *Deadly Blessing*. Director and co-writer Wes Craven backed our nerves to pieces three years ago with a sharp-toothed instrument called *The Hills Have Eyes*. In that opus, hairy sub-humans descended from rocky hideouts to un-nucleate an American nuclear family. Snakes, axes, crucifixions and dead dogs were among the picturesque violences invoked.

In *Deadly Blessing* the object seems to be more to decimate the audience; either by early exits or death by yawning. Somewhere in Texas bearded Ernest Borgnine and his Hippite sect, wearing the latest in frying-pan hats, spend their days accusing their agnostic neighbours of being "incubuses" (incubi?) and then try to kill them. Understandably the neighbours resent this and become antagonistic. Forkings, throttlings, hangings, burnings are the inevitable result of strained community relations.

Deadly Blessing is deadly tedious, as desert-long expanses of dialogue and red-herring suspense unfold with sporadic oases of *sforzando* grand guignol. (A snake in the bath: a close encounter with a cadaver in a barn.) Craven directs with surprisingly little idea of what to do with the camera—though critics at the Press show were full of helpful suggestions—and Lois Nettleton, Jeff East and Annabelle Weenick are among those wasted in supporting roles.

Ernest Borgnine in "Deadly Blessing"

Claude Lorraine's *A Girl from* Goretta—I'm sorry, I'll read that again — Claude Goretta's *A Girl from Lorraine* has higher pretensions but roughly equal artistic achievements. At his best Goretta, who made *The Invitation* and *The Lace-Maker*, has shown a Henry James-like sensitivity to nuances of human emotion and behaviour. But at *his* worst, also like Henry James, he reveals a maiden-aunt finickiness that has him tut-tutting at life's ruder ruderies and sharing, with purse-lipped fastidiousness, the distaste of his heroes and heroines.

His new film escorts provincial architect's draughtswoman Nathalie Baye from the heart of the French countryside, where the work is hard-to-get but the people are nice, to the lungs and liver of Paris where the road to employment is lubricated with nasty favours and compromises and the people are mostly (a) greedy, corrupt and exploitative or (b) disillusioned, vulnerable and exploited.

Goretta has soufflé-sculpted from pietistic froth a screenplay that is the flimsiest of pilgrim's progresses. Every character wears a hat-*with*-a-label. Angela Winkler as Mlle Baye's Paris pal is the Bruised Survivor, turning from an unremunerative acting career into demure prostitution. Bruno Ganz is Mr Married-and-Unattainable, a pharmaceuticals-salesman lover of Mlle Baye all too soon whisked off to Switzerland. And the group of jaded-sybarite executives who run the film's climactic business-and-pleasure weekend for property tycoons—the heroine joins the gaggle of young women roped in for humiliating cross-country races and cocktails—are Bland and Beastly of the Boardroom.

Nathalie Baye has a pliant, melancholy prettiness, as of a wind-tossed sapling, that other film-makers have used to superb effect: (Tavernier in *Une Semaine des Vacances*, Truffaut in *La Chambre Verte*). But Goretta extracts from her her worst-ever performance. Her lovely, sweet-and-sudden, light-up smile has become the switch-on teeth-flash of an air-hostess on gestural auto-pilot. And her *sui generis* look of child's-eye wonder is mercilessly milked for sentimental winsomeness. *A Girl from Lorraine* is a sad step back for one of Switzerland's best film-makers. Perhaps, *reculant pour mieux sauter* and having slaked his preciosity, he'll next jump forward to a tougher masterpiece.

Festival Hall/Radio 3

BBC Symphony Orchestra

by ANDREW CLEMENTS

Few 20th century works resist detailed analysis so successfully at *Erwartung* and fewer still are as difficult to bring off in performance. Yet, London gets two chances to hear Schoenberg's monodrama in the first half of this year: Abbado is to include it in May in the London Symphony Orchestra's contribution to the "Music of Eight Decades" series, and on Wednesday Michael Gielen made it the centrepiece of his programme with the BBC Symphony Orchestra.

Gielen has a natural sympathy for early and middle-period Schoenberg. Composers are inevitably fascinated by the way *Erwartung* is put together, and the extraordinary means that sustain its tension for almost half an hour without any perceptible thematic or harmonic props. The kind of free atonality Schoenberg perfected in this work could still be a viable model; nobody could pretend that the Second Viennese School exhausted all its possibilities.

Meanwhile, *Erwartung* is a compelling, tantalising masterpiece. The soprano protagonist last night was Phyllis Bryn-Julson, gloriously secure and with all the requisite accuracy, but lacking some of the nervous edge to her voice and power that the piece implies — admittedly a theoretical, more than practical combination of qualities. Gielen carefully teased out the instrumental threads with the help of some eloquent solos from the lower woodwind, and gave a deliberate pointing to phrases that emphasised the crucial function of the recurrent rhythmic unisons. But, together with Miss Bryn-Julson's inescapable warmth, he also conferred a less appropriate mellowness and a suspicion of complacency—the sense of an unhinging psychological exploration that was so central to Shoenberg's conception was all but missing.

Gielen prefaced *Erwartung* with Berg: the composer's own transcription for string orchestra of three movements of his *Lyric Suite*. The pieces really need a lush string section to make them something other than just a thickened version of the original. For all Gielen's commendable faith in the virtues of the BBC SO, he could not obtain that kind of big sound, and what comes over as muscular from a string quartet and overwhelming from, say, the Berlin Philharmonic seemed only strenuous here. Brahms's second symphony, too, was unduly strenuous. The outer movements were relatively successful, the finale in particular racing home spectacularly, but the adagio carried no expressive weight, and the pastoral affinities of the allegretto were all but denied.

CONTINUED ON PAGE 20

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Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 413300 Finansu. Tel: 243 1635.

New York: Editorial and Advertising 75 Rockefeller Plaza, N.Y. 10019. Editorial Telex: 66390. Tel: (212) 541 4625. Advertising Telex: 238409. Tel: (212) 489 8300.

Paris: Editorial and Advertising Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01. Telex: 220044. Tel: 297 2000.

Rio de Janeiro: Rio Branco 45, Salas 2611-2612, Centro DEP 20090, Rio de Janeiro RJ Brazil. Tel: 263 8845. Telex: c/o Reuters.

Rome: Editorial and Advertising Via della Mercede 55. Telex: 610032. Tel: 678 3314.

Stockholm: Editorial and Advertising Svenska Dagbladet, Raalambsvagen 7. Telex: 17603. Tel: 50 60 88.

Tokyo: Editorial 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358. Tel: 241 2920. Advertising Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: 127104. Tel: 295 4050.

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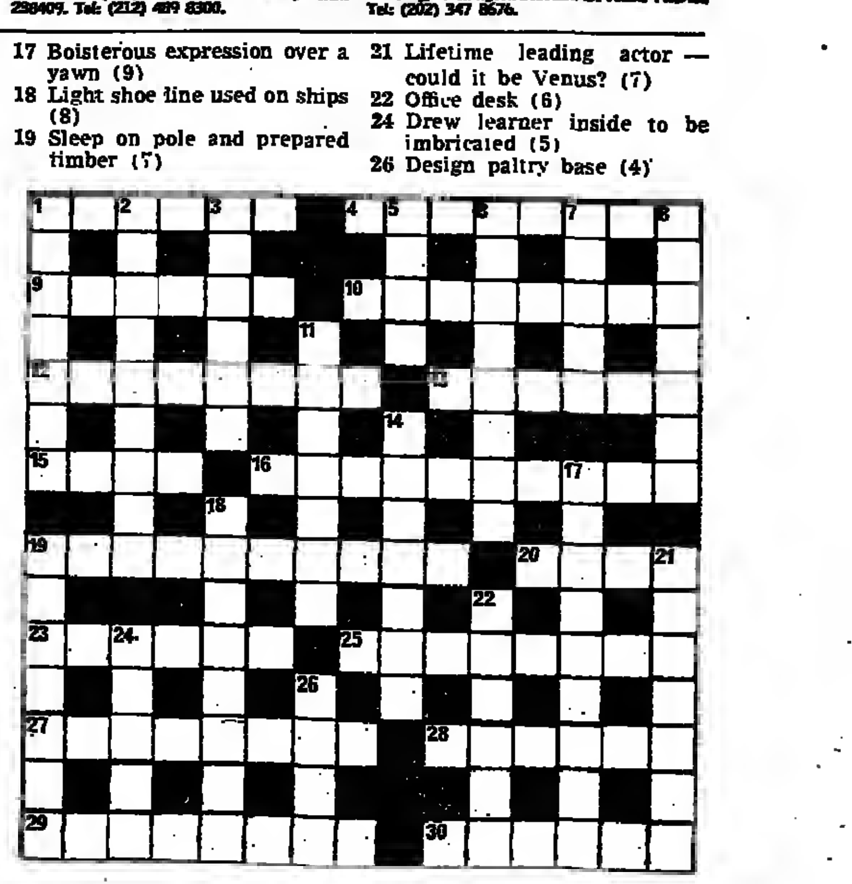
F.T. CROSSWORD PUZZLE No. 4,790

ACROSS

1 Spread public relations to every one (6)
4 Muslim the French put inside Mediterranean sailing vessel (8)
9 Send abroad from former harbour (8)
10 Panic about the German widespread disease (8)
12 Inspector, formerly a collier (8)
13 Where white-collared workers are employed should be getting warmer (6)
15 Diluted gas in can (4)
16 Walk with dog or one who controls speed of race . . . (4-6)
19 . . . and walk with fault in knitwear, it should enable one to reach higher levels (4-6)
20 Start getting rid of network (4)
23 Wild, wild aunt joins me (8)
25 Airman joining clerical office in correctness (8)
27 One who roars to be left lower down (8)
28 A meal with soldiers ended (6)
29 Suggestive of the cost of lodging without unemployment benefit (8)
30 Fat from a goat? (6)

DOWN

1 Stop in front of an opening (7)
2 Lay stress on accent and add a note (9)
3 Turkish oak in which he leaves cherries (6)
5 Open a vessel (4)
6 Field day arranged to affect the manners of a refined woman (8)
7 The "Musicians Times?" (5)
8 Name unknown it's obvious, but it's at the heart of the matter (7)
11 Roofed gallery that's partly over and above (7)
14 Protection of French boundary (7)
17 Boisterous expression over a yawn (9)
18 Light shoe line used on ships (8)
19 Sleep on pole and prepared timber (7)
21 Lifetime leading actor — could it be Venus? (7)
22 Office desk (6)
24 Drew learner inside to be imbricated (5)
26 Design paltry base (4)



Solution to puzzle No. 4,789

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Friday February 5 1982

Schmidt faces his critics

"WITH ONE bound he was free," say the comic strips to explain how the hero emerges from an unusually tight corner. By requesting the confidence vote which is being held in the West German Parliaments today, Chancellor Helmut Schmidt is out to perform a similar feat of liberation. His immediate aims are threefold.

First, Herr Schmidt wants to call his unruly Social Democrat (SPD)-Liberal Free Democrat (FDP) coalition to order after months of wrangling, not least about economic and budgetary strategy. The country faces four key Laender (provincial state) elections this year. If the coalition does not pull itself together then by the late autumn the opposition parties may have a two-thirds majority in the Bundesrat, the upper house, which groups Laender representatives. That, in turn, could mean an insuperable obstacle to the SPD-FDP's legislative programme and force a premature general election.

Uncertainty

Second, Herr Schmidt intends to underline to foreign governments that he remains on top in Bonn, whatever doubts they may have that he is not the "Iron Chancellor" he used to be. Above all, he was struck by the hostile reaction of much of the U.S. press during his trip last month to Washington, when he was portrayed as irritable and, especially on the Polish crisis, irresolute. The Chancellor now wants to make clear that his Government can still take difficult decisions and that "when the chips are down" support for him in the coalition is all but unanimous.

Finally, by removing uncertainty about his own position, Herr Schmidt hopes to boost business confidence, without which Bonn's newly-approved plans to try to increase investment and create jobs will run into the sand. The lengthy bickering within the coalition about whether there should be a new "employment programme," and if so how it was to be financed, not only upset the business climate. The persistent uncertainty about whether the Government would stick to its restrictive public borrowing target (in the end it has done so) has surely been one factor recently depressing the Deutsche Mark.

Those are Herr Schmidt's short-term aims, and he stands at least a fair chance of gaining what he is after. But it is clear that the weapon of a confidence vote can be used very sparingly or it will prove self-defeating. That Herr Schmidt has chosen to take it up now shows that he believes time is not on his side.

Strictly speaking, the Chancellor is set to stay in office until the next general election, due in autumn 1984. By that time he will be aged 65, he will have been Government leader for a decade and he has already made clear he would not relish another term. In addition, his health is uncertain. If a successor to Herr Schmidt is to be groomed to fight the 1984 election, he will almost certainly have to be found — and at least nominated by the SPD — in 1983. In other words, the end of the "Schmidt era" is coming into view, and the Chancellor still has two major tasks which he wants to accomplish before he goes.

The first is to see the Federal Republic through much of the structural economic change forced on it by two oil crises and the rise of new competitors in the third world. The likely economic performance this year, with an inflation rate down to 5 per cent and a current account about in balance after three years of big deficit, suggests the Germans have already gone some way to meet these challenges.

But Herr Schmidt knows, too, that unemployment will rise further in 1982, that the country's oil-import dependence must be cut more sharply and that still more investment is needed in high technology sectors. Progress on these fronts implies a successful battle against trade protectionism and moves towards lower interest rates in the western world—the two top items on his agenda for the world economic summit conference in June.

Hazards

Secondly, Herr Schmidt wants to see a relaxation of East-West tension, which would benefit divided Germany above all. The key to that is seen in a successful outcome to the Geneva talks between the superpowers on limiting intermediate-range nuclear weapons. In 1977 Herr Schmidt was the first western leader to warn publicly of the danger of the Soviet intermediate-range missiles build-up. In 1980 he helped extract a promise from Moscow to negotiate with Washington—and now he wants to help bring a Geneva settlement in 1983. The hazards in all this hardly need underlining. But Herr Schmidt's decision now to seek a confidence vote shows he is determined to stay on and see the task through if he possibly can.

A champion of index-linking

"THE PURPOSE of pension schemes is to pay pensions, not just to accumulate funds." Professor David Wilkie, Research Actuary of Standard Life, was scathing at yesterday's Financial Times Pensions Conference. He was referring to the way that company pension schemes have attempted to profit from inflation by enjoying enhanced nominal returns from investment while refusing to maintain the real value of pensions being paid to pensioners. In fact pensions are sometimes upgraded, but not usually by the full amount of inflation, and then only on an *ex gratia* basis, at any rate outside the public sector.

Bargaining

It has turned out that pensioners have had less effective bargaining power than either the employers, who are usually striving to keep down the cost of a pension scheme, or the employees, who are torn between the attractions of immediate and deferred pay, and are *usually biased towards the* former.

Yet to leave the real value of pensions in payment to be determined by the accidental interplay of the inflation rate on the one hand and employers' prosperity and goodwill on the other destroys much of the point of the system of funded pensions.

At least it is now possible, following the launching of three index-linked gilt-edged issues, to work out the cost of obtaining protection for pensioners against inflation. As is now well known, the real return has been established on these stocks at around 3 per cent (if their ownership were not restricted to pension-funds it would presumably be lower). Prof Wilkie calculates that an index-linked pension for a man of 65 would cost more than twice as much as a fixed money pension: £100 would buy £9.33 per annum inflation-proofed, against £19.85 fixed, assuming a 15 per cent interest rate in nominal terms.

But what can be done about this? It is all very well for Prof Wilkie to calculate that the cost of a proper indexed system in the UK in present conditions, on a simple pay-as-you-go basis, would cost between 17 and 21 per cent of earnings. Perhaps this contribution rate could be reduced a little for funded schemes if it were possible to assume a positive real return on investments. But it would still be higher than the funding rate of most schemes at present.

In present harsh conditions, moreover, many employers are inclined to reduce contributions rather than increase them. And many in the pensions industry would estimate the cost of inflation proofing a two-thirds final salary scheme to be greater than Prof Wilkie's figure, to judge by the chorus of disapproval which greeted the Occupational Pensions Board's modest proposals on improving transferability. The threat of "knock-on" effects in terms of pensioners' likely demands to be treated at least as well as ex-employees was also emphasised.

Realistic

The general argument of the pensions industry has been that inflation-proofing of pensions would simply be too expensive on the basis of normal benefit levels; and that to cut benefits would involve the breaking of commitments and the aggravation of employees on a scale which would be alarming to contemplate.

Wht is needed now is that other experts in the pensions industry should make their realistic assessments of the *costs of inflation-proofing*; Prof. Wilkie has been a lone voice for too long. Whatever the private pensions industry may have hoped, the indexation of public sector pensions is here to stay. The private sector should take up the challenge laid down by last year's Scott Report.

THE SOVIET ECONOMY

Why something has to give

By Anthony Robinson, East Europe Correspondent

IN RECENT weeks the Soviet economy has been sending out a series of unmistakable distress signals in the shape of forced sales of key hard-currency earners such as gold, diamonds, timber and oil products.

The depressed price of gold and a recent sharp drop in the gas oil futures market partly *reflect* the impact which such sales have had on Western markets already depressed by high interest rates and the general economic slowdown.

But the market impact of such sales is relatively insignificant beside what they reveal about the parlous state of the Soviet economy and the economic restraints now facing Soviet policy-makers at a time of impending top-level changes in the Soviet leadership.

They indicate that the Polish crisis and the longer-term failure of the Brezhnev regime to implement fundamental reforms of the central planning system and collectivised agriculture—while simultaneously increasing military and other commitments — has seriously overstrained the economic system.

Ironically, this may partly be because of the low priority given to the economic implications of policy decisions taken by the Soviet Politburo. Mr Alexei Kosygin, the former Prime Minister who died last year, was the only Politburo member who had a thorough grasp of the economy and economic problems. His successor, Mr Nikolai Tikhonov, is older than Mr Kosygin was. There is no evidence that he is capable of the kind of reforming zeal with which Mr Kosygin tried to introduce changes into the economy after 1965.

Conspicuous waste has been a feature of the system

The Kosygin reforms were subsequently strangled by the conservative and suspicious bureaucracy and buried after the Soviet military intervention which crushed the Czechoslovak economic and political reform movement in 1968. Only Hungary managed to carry the torch of economic reform through the lost years of the 1970s.

The death last week of Mr Mikhail Suslov, meanwhile, has removed the most orthodox defender of neo-Stalinist doctrine in both the economic and political spheres. But even before his death, the Politburo had reluctantly come to the conclusion that exhortation, for long Mr Brezhnev's favourite weapon, was not enough, and that elements of Hungarian-style price reform and devolution of economic decision-making to managers was required.

Thus, on January 1 this year, the Soviet Union introduced sharply higher wholesale prices for many industrial raw materials and energy products, especially oil. This represented belated recognition of the fact that the absence of a rational pricing system which linked input prices to actual costs of production has led and was leading to massively wasteful use of increasingly scarce and expensive resources.

Conspicuous waste has been as much a feature of the Soviet economic system as conspicuous consumption in the West. But the factors which made this possible—abundant supplies of cheap labour from the farms and cheap, accessible resources in the industrialised western part of this huge country—no longer exist. The progressive exhaustion of accessible resources and the eastward shift in the economic axis towards Siberia have significantly increased the costs of producing and transporting these formerly abundant resources.

This trend was partially masked during the 1970s by a dramatic improvement in the Soviet terms of trade, due to higher world prices for its energy and raw material exports. At the same time, Western willingness to lend to the Soviet Union and its Comecon partners provided a capital infusion of around $75bn to Comecon borrowers over the decade. Importing Western plant and equipment on credit was seen as an alternative to economic reform.

But the continuing Soviet arms build-up, the inability to resist the opportunities for expansion of Soviet influence in Asia and Africa, brought about by the U.S. post-Vietnam trauma, and latterly the crisis in Poland have brought about a significant hardening in Western, especially U.S., attitudes. There is now a growing feeling that henceforth the full burden of maintaining the Soviet empire and supporting Soviet military spending should be borne by the Soviet Union itself.

These burdens are huge. Defence spending of all kinds now takes between 12 and 15 per cent of the Soviet GNP. On an opportunity cost basis, Soviet subsidies to Eastern Europe are estimated by some Western experts, such as Wharton Econometrics Forecasting Associates of Washington, to have cost the Soviet Union over $20bn last year alone. In addition, the Soviet Union is committed to supplying 10m tonnes of oil to Cuba annually, is fighting an expensive guerrilla war in Afghanistan and is supporting revolutionary regimes in Africa, Asia and Latin America.

As if it were not enough, last year's third bad harvest in a row has saddled Soviet planners with a bill of at least $10bn for the import of 43m tonnes of grain and large quantities of sugar, potatoes, soya, meat, butter and other agricultural goods. What is more, the terms of trade have now also moved against the Soviet Union. Greater fuel efficiency, higher interest rates and the recession in Western markets have reduced both the demand for, and the prices of, the Soviet Union's main hard currency exports, especially oil and gold.

Under the circumstances, it is little wonder that the Soviet Union is being forced to sell gold, heating oil and other products on falling markets. It is also quietly running down its deposits with Western banks and borrowing more to pay for the Western equipment going into the Siberia-West Europe gas pipeline. Because of U.S. sanctions, this pipeline is, furthermore, now likely to cost more and take longer to build than originally planned.

Faced with these pressures and the prospect of a long-term bailing out operation for Poland, the Soviet Union has also tightened the economic screw on its other Comecon partners. On the one hand, it has asked East Germany and Hungary to provide economic assistance for Poland. On the other, the Soviet Union itself has reduced by 10 per cent, or 8m tonnes annually, the amount of oil it is prepared to sell to its Comecon partners on concessionary terms (based on a five-year moving average of world prices).

These moves, however, will only exacerbate the economic difficulties now facing all the East European economies. They have similar problems of technological backwardness, low productivity, poor worker morale, and a much higher debt burden per capita than the Soviet Union. In fact, the net Soviet foreign debt is not much more than $12bn and is tiny in terms of the size of the Soviet economy.

Up until now, the Soviet Union has borrowed relatively little from the West, because rising hard currency earnings made it unnecessary. Now, however, its hard currency earnings are under pressure, the exportable oil surpluses are dropping, and increased gas exports will not fully compensate until the end of this decade at the earliest.

As 72 per cent of Soviet hard currency earnings came from energy exports last year, this is a serious matter. The recent sharp rise in Soviet arms exports, which are currently running at around $7bn annually, offers only partial relief.

It therefore looks as though something in the Soviet economy will have to give. But in the short run, there is little chance of any significant improvement in the efficiency of either the industrial or the agricultural economy.

The price reforms introduced at the start of this year are almost bound to prove to have been too little, too late. Bolder steps will be required, particularly in agriculture, where the full costs of Stalin's brutal liquidation of the Kulaks and forced collectivisation are now only too clear. Despite the massive expenditure of 27 per cent of all investment funds on the agricultural sector over the last two five-year plans, farm output remains depressingly low. Bad weather can no longer be blamed for everything. Throwing roubles at collective farms is clearly no solution to a sector which has been thoroughly demoralised in the past and which is now deserted by the young and the able.

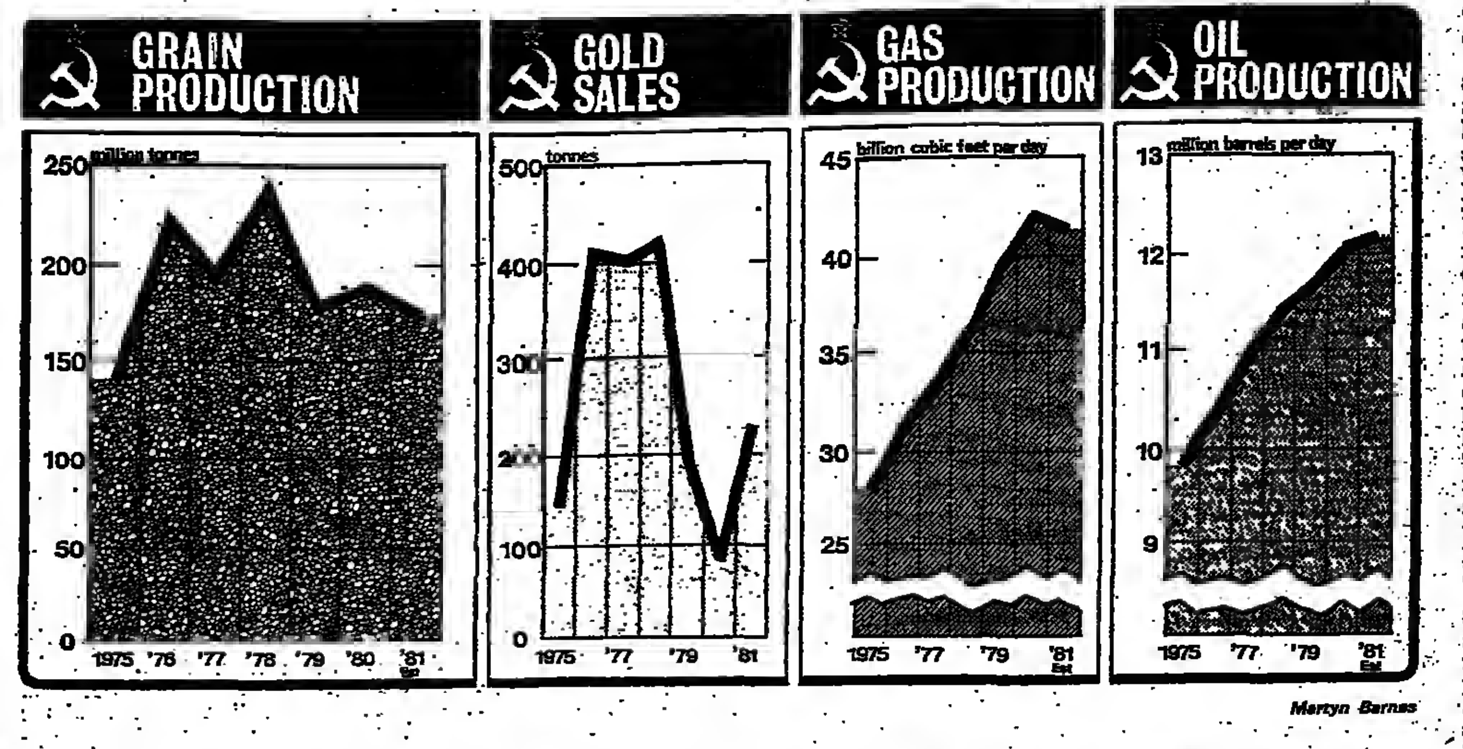
Western agricultural experts believe that, without a new approach to agriculture which recognises a wider role for private and co-operative farms and an effective distribution system, food imports will continue to be a massive drain on hard currency resources and investment funds will continue to be wasted.

Hitherto, such reforms have been blocked by reluctance to admit that collectivisation, one of the key elements in Soviet ideology, has been an expensive failure. Ideological factors were also instrumental in preventing the kind of economic decentralisation and price reforms pioneered by Hungary. Without them, the centralised planning system has been simply overwhelmed by the growing complexity of modern economic inter-relationships.

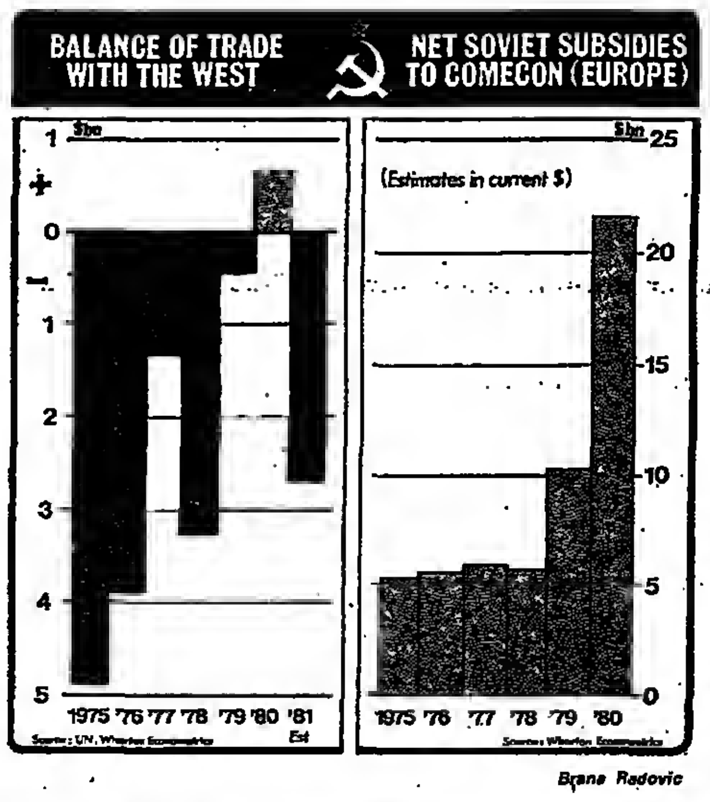
Bad weather can no longer be blamed for everything

It is not wise to attach too much importance to a single individual in the collective Soviet-style of government. But the death of Mr Suslov at least provides an opportunity to take a less rigid ideological attitude in future. The extent of the economic problems now facing the Soviet Union requires an urgent reduction in the military burden, a cutback in foreign economic and military commitments and wide-ranging domestic reforms if the Soviet system is to survive.

Facing up to this uncomfortable truth will pose extraordinary political and ideological pressures on the next generation of Soviet leaders. But as they review the situation they may find themselves with only two real choices. One may be a retreat into economic autarchy, together with its East European partners. The alternative could be a decision to work towards a more genuinely co-operative relationship with the West, which is far less sanguine about East-West co-operation than it was in the heady, early days of detente in the 1970s.



Martyn Barnes



Brane Radovic

Men & Matters

Kimball gives Lloyd's a sporting chance

If the Lloyd's Bill does get through the House of Commons, the feat will be due at least in part to a curious alliance between the backers of the Bill and the bloodsports lobby. The link is Sir Marcus Kimball, Conservative MP for Gainsborough, and one of the party's few remaining old-fashioned huntin' shootin' fishin' knights of the shires.

Kimball has been an external member of Lloyd's for over 30 years, and an MP for almost as long. Always immaculately dressed, he hunts regularly in Leicestershire throughout the season, and manages to fit in a fair amount of shooting and fishing on his Scottish estate during the recess.

His prime object at Westminster is defending the interests of British country sports from attack by what he would claim are interfering cranks, almost certainly born in town. To this end, he has set up one of the most effective informal political machines in the Commons, which has made him known as the terror of the private member's bill. It is this unofficial whipping operation which he has put at the service of Lloyd's.

Kimball's operation is loosely based on the Parliamentary Field Sports Committee, which most rural MPs are invited to join. Working like the Government whip's office, he has one principal MP in each county who serves to remind others in the area of the abiding interest of their constituents in field sports. Local MFHs are also sometimes brought into play. Everything is done very discreetly, but with much careful planning—to say nothing of a certain amount of entertaining.

To date, the Kimball operation has been remarkably effective. The main threats to bloodsports come from private members' Bills. Kimball and his pack have successfully blocked over a dozen aimed at curbing hare coursing or stag hunting.

His basic strategy is simply to stop anti-hunting measures ever being debated. His motto is "idle hands make trouble," and he therefore has a list of deserving bills which he puts forward for sponsorship to those backbenchers successful in the annual ballot for private members' bills. The bills are always meritorious measures which would earn the sponsoring MPs the gratitude of his constituents. Last autumn for example, he was suggesting that MPs might like to suggest a measure to deal with waste from launderettes, while he is using his own place in the ballot to amend charities law.

Kimball knows his way backwards round the rules governing private members' bills, and is against anything so crude as filibustering — though he is not against a "prolonged constructive discussion." His other tactic is to block contentious private members' bills at the end of each session, so as to ensure that they come come back again another year—thus making less time for any anti-hunting measures.

The Lloyd's Bill is being sponsored by Anthony Grant, MP for Harrow Central, who took over the task after Sir Graham Page's death. But Lloyd's needed a whip to muster the latent support for the measure in the Tory Party.

It was at this point that Kimball rode into action, encouraging Lloyd's members throughout the country to lobby their MPs, and using his team of field sports' MPs to hunt out the votes at Westminster.

He is modest about his role. "I am not an intellectual. I don't get involved in the arguments. I just deliver the vote," he says.

Kimball's job has been made easier in the Commons by the blue-blooded ties that still link the City with the Conservative Party.

There are 68 Lloyd's members at Westminster—the great majority Tories. And even if they cannot vote on the Bill, they can be very helpful in persuading their friends to vote "the right way."

On Tuesday night the Tory benches were covered in blue pinstripe, and up in the gallery, as one Labour MP remarked sourly, there were "enough members of Lloyd's to write off the National Debt."

Apart from Michael Meacher and Reg Race—the two left-wing Labour MPs who were put on the Lloyd's Bill committee by some, quite possibly malevolent, whim of the Labour whips—the Labour Party left the Tories to argue among themselves for most of the time.

Opponents at Westminster, like those in the City, have come together because they object to different aspects of the measure. Roger Moate, a veteran of the campaign for car safety belts, is a director of Alexander Howden Insurance Brokers, a subsidiary of the group which has been in the fore of the fight against separating broking and underwriting.

Others like Archie Hamilton, Viscount Cranborne and Jonathan Aitken are old Etonian friends of Malcolm Pearson, chairman of Pearson Webb Springbett. While Richard Shepherd is a Lloyd's underwriter and Sir Nicholas Bonsor is a member of Ian "Goldfinger" Posgate's syndicates.

The opponents claim to have a number of other supporters in both the Labour and Tory parties. But their basic tactic on Wednesday night was to keep the debate going.

As the evening wore on, it began to sound like an upper-class version of BBC radio's Just a Minute as Hamilton anguished over whether a public register of the addresses of Lloyd's members would turn into a handy guide for terrorists. At the end of it, the Bill's supporters got the closure and yesterday they seemed quietly confident that the Bill would get the time needed to complete its passage.

Kimball was already planning to loose the field sports lobby in the Lords to organise against opponents of the Bill there.

While MPs were debating the Lloyd's Bill, up in the gallery members of Lloyd's were busily tearing up their Conservative Party membership cards as they saw representatives of the Labour left wing supporting the Bill while blue-blooded Conservatives were scratching out one another's eyes. "We may have been lobbying the wrong section of Parliament," commented one insider sitting in the same row as Lloyd's chairman Peter Green. "The noise of the ripping," he added, "was quite deafening."

Observer

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POLITICS TODAY

The other Tory leadership

By Malcolm Rutherford

AN OLD-FASHIONED leadership crisis has broken out in that other Tory Party — Conservative Members of the European Parliament (MEPs).

In Strasbourg next Thursday the European Democratic Group, composed of 60 British Conservatives, two Danish counterparts and one Ulster Unionist, is due to hold its annual leadership election.

Some quite serious issues are involved, which we shall come to later. But first the personalities and a little bit of history.

The first direct elections to the European Parliament were held in June 1979 — just after the British general election — and were intended to add a new, democratic dimension to the European Community. In Britain only 32 per cent of the electorate voted and probably very few people have heard much about the progress of the Parliament since.

Still, there are going to be new European elections in 1984 — again presumably quite close to a British general election — and at the half-way stage MEPs have been taking stock of what they have achieved so far and where they go from here.

About half the Tory MEPs have concluded that they ought to get rid of their leader, Sir James Scott-Hopkins. The problem is that Sir James does not want to go, or at least not yet and is fighting very hard to be re-elected next week.

Apart from Sir James, three candidates are in the field. One is Sir Henry Plumb, sometimes described as the best-known farmer in Britain, though in truth he farms very little. Sir Henry made his reputation as president of the National Farmers' Union throughout the 1970s. He has one great asset: a lot of people have heard of him, which is more than can he said of most British MEPs.

But he also has a disadvantage: he is almost entirely identified with agriculture and since it is the common agricultural policy which has done more than anything else to give the Community a bad name in Britain, it might he tempting fate to elect him.

Certainly that is the point made by Sir Fred Catherwood, whom we might call the industrial candidate. Sir Fred will be remembered as a former director-general of Neddy, chairman of the British Institute of Management and all sorts of other posts in Britain. He thinks that the main issue is no longer farming bnt jobs and the creation of jobs on a European scale, preferably through harnessing Arab investmant.

The third candidate is Mr John (Midlands) Taylor, called "Midlands" not because he comes from there, though he does, but to distinguish him from Mr John Taylor, the Official Ulster Unionist member of the European Democratic Group.

Mr Taylor is an anti-deference, meritocratic Tory straight from the Thatcher mould. He studied civil engineering, then law at the University of Birmingham, was the Tory candidate in Dudley East in the two general elections of 1974, then leader of the West Midlands Metropolitan County Council and is still only 41.

There is one missing candidate, the Baroness Elles. Lady Elles is in many ways the natural leader and would like the job. She has experience of Westminster as a former spokesman on foreign affairs and a great deal of knowledge of the Tory Party and politics in general besides. But she pledged some time ago not to stand against Sir James Scott-Hopkins and intends to keep her word.

Sir Henry Plumb (left): main contender; Sir James Scott-Hopkins: not the man for the future

It is hard not to feel some sympathy for Sir James. A Junior Minister of Agriculture in the early 1960s, he became depnty leader of the Conservative Group in the European Parliament in 1974 in the days before direct elections.

Mrs Thatcher does not think much of him. She could have made him leader when the incumbent, Sir Peter Kirk, died in 1977, but did not. Instead she turned to Mr Geoffrey Rippon and, when he hacked down after a time, tried to install Mr Paul Channon, now the Minister for the Arts. Mr Channon was rejected by the selection committee in the Euro-constituency of Essex North-East, so the job went to Sir James in the end.

Looking after a group of 60 newly-elected MEPs, some of whom were distinctly ambitious and very few of whom had direct experience of politics, was an immensely difficult task.

On the pastoral side—that is, looking after his members—there is fairly general agreement that Sir James has performed rather well. There is also no doubt whatsoever of his European credentials. Recently, however, he blotted his copybook in the biggest possible way.

Last month Sir James stood for the Presidency of the Parliament, then failed to withdraw after the second ballot by which time it was certain that he had no chance of winning. He thus allowed the election of a Socialist, Mr Pieter Dankert of Holland.

In fact, Mr Dankert is an excellent choice, but there is some feeling that Tories did not go to Strasbourg in order to elect the Left. The talk always was of forming a Centre-Right bloc or even an anti-Socialist alliance. Sir James messed it up so badly that nearly half of his own members voted for Mr Dankert in the final hallot.

Yet even if that had not happened, he would still have been in trouble. There was a feeling already that it was time to look ahead to the next European elections, and that meant a new leader.

Here we come to the peculiarities of the system. In theory, the leader of the Conservative Group in Europe is nominated by the leader of the Conservative Party in Westminster, then approved by the Group. Mrs Thatcher could make her preference known early next week, but it looks as if this time she is wisely staying out of it.

There is another oddity. With true Tory instinct, the rules for the election of the leader were drawn up in favour of the first-past-the-post system. Perhaps nobody ever thought that an election would he seriously contested.

Anyway, that is what the Group is stuck with. If the election goes ahead next week, there is virtually no chance that any candidate will win an overall majority. The one with the most votes on the first and only hallot will be declared the victor.

At present there are only two runners, Sir James and Sir Henry, with Sir Henry slightly ahead, though he may depend on the votes of the two Danish members of the Group. That does not seem to be a very satisfactory way of running a parliamentary party.

Sir James appreciates that and in the last few days has been in touch with the other candidates saying that he will go gracefully in July or September, if only they will agrea to stand down now. In the meantime, the voting system could be reformed to allow for second or even third preferences, or any other improvement on first-past-the-post.

The problem of the other candidate is that he cannot, by definition, be guaranteed to deliver, and the problem of Sir Henry especially is whether his own supporters will allow him to hack down after having mounted such a vigorous campaign on his behalf. It is anyone's guess what will happen, though a straw in the wind may be that Sir Henry decided this week not to send out a letter appealing for votes.

Some conclusions can be drawn. One is that arguments about methods of electing a leader are not confined to the British Labour Party. Another is that Britain's experience with Europe has already had a fundamental infinence on British politics. It was the debate over membership which did as much as anything else to split the Labour Party and which led ultimately to the formation of the Social Democrats, the most European of all British parties. That in turn may lead to the introduction of proportional representation in Britain on some kind of European model.

And now, in the case of the Conservative Group in the European Parliament, we have even a majority of Tories admitting that the first-past-the-post system can be so far from being perfect as to be positively damaging.

Meanwhile, the forgotten MEPs in Strasbourg are trying to face up to some quite important issues. If the Community is to develop, presumably it is desirable that it should do so along more democratic lines. That implies giving more power to the MEPs: for example, allowing them more control over Community spending.

A test of how far the Parliament has caught on with British public opinion will come in the next European elections. Will the turn-out be more or less than the 32 per cent last time?

It is right that the Tory MEPs should be looking forward. At present, they are somewhat over-represented—60 of them, compared to only 18 from the Labour Party and no British Liberals. Next time there may well be competition from the SDP-Liberal Allianca.

It is also right that they should be looking round for at least more co-operation, if not a merger, with other Centre and Right-wing parties within the Parliament, though there is a genuine problem here as to whether they should go for an anti-Socialist alliance, as favoured by some of the German Christian Democrats, or ad hoc arrangements on particular issues, which is the approach preferred by some of the Christian Democrats from Italy.

As for next week's election, my own view, for what it is worth, is that it should be put off. Sir James, as even he now admits, is not the man for the future. The Group needs someone capable of achieving a much higher profile in the UK. But it would be silly to hold the election now under a voting system which practically everyone involved agrees to be inappropriate.

Lombard

The crises that disappear

By Patrick Cockburn

WHATEVER became of Mr Ali Chafic? He was last spotted in December heading for Washington where he was expected to try to assassinate President Reagan on behalf of Colonal Gaddafi, the Libyan leader. He should be easily identifiable since the CIA say that he is a 35 year old Lebanese with a shaven head and a limp, travelling on a Turkish passport.

He should also stand out in the lobby of the Washington Sheraton because he is accompanied by 13 other assassins from the Middle East, all of whom, according to sketches distributed to the press, look satisfyingly villainous. To keep out of rifle range of this crew, President Reagan was even compelled to switch on the Christmas tree in tha White House garden from inside his office.

Silence

The administration reacted by calling for all Americans to leave Libya and invalidating American passports for travel to that country. Since then there has been an embarrassed silence while Mr Ali Chafic and his friends remain elusive. They have been wholly dropped hy the American media. The battalions of journalists and camera crews who poured into Tripoli, the Libyan capital, six weeks ago have all departed. Ae a card carrying crisis Libya no longer has what it takes.

The whole affair of the missing assassins left Washington with a certain amount of egg on its face, but it is unlikely that President Reagan's verbal shoot-outs with the Libyan leader are entirely over. For the administration Gaddafi is a very satisfactory enemy to have in the Middle East. By focussing on him more complex problems can be avoided and real crises left withont a solution.

Obsession with Libya has in particular masked the growing crisis in the Gulf. So long as American hostages were held in Tehran the Iranian threat to the Gulf was endlessly discussed in Washington and Western Europe. Forests were felled to provide newsprint for articles showing how Iran could block the Strait of Hormuz at the mouth of the Gulf and thus cut off much of the world from its supplies of crude. Neat little arrows on small scale maps showed how Soviet divisions could sweep into the oilfields.

Today this has all been forgotten. When Iraq invaded Iran in September 1980 its army was accompanied by hundreds of journalists. Some, in their enthusiasm, even outdistanced the Iraqi tanks and the port city of Khorramshahr was first taken by the Sunday Times. By early last year almost all the journalists had gone home and the war seldom rated a mention on television or in the Press.

Frightening

Yet much of what was written 18 months ago is still trua and Iran is in a far stronger position today than it was then. It has taken hack most of the territory lost to Iraq and its armies are advancing west. It has never been a phoney war. Indeed in the first week of December, about the time Mr Chafic was meant to be making for Washington, Iraq and Iran together lost about 1,500 dead in a single battle.

All this has been deeply frightening for the Saudis and the smaller Arah states of the area, now grouped in tha Gulf Co-operation Council, hnt there is little they can do about it. The Iranian Foreign Minister has openly warned them that anybody who does not recognise that Iran is the great power of the Gulf is "like a chicken with its head in the sand" and he stressed that for Tehran America is still the arch-enemy.

It is hardly surprising that local rulers find Secretary of State Alexander Haig's obsession with Libya and the Soviet threat to the Gulf hard to understand, given that the Iranians make no bones about what they intend to do. But from Washington's point of view it is clearly more satisfactory to participate in media event with the Lihyans than to face np to the Iranians. If the latter ever do send assassins to Washington sketches are unlikely to he provided.

Letters to the Editor

Reservations about the Lloyd's Bill

From Mr Alan Smallbone

Sir,—You are right to support the principle of indemnity: it is needed to make it easier for the Lloyd's authorities to protect both names and the public.

Divestment is a far more difficult issue, and focuses attention on an area of conflict of interest that has attracted too little attention.

Underwriting agents owe a clear duty to their names to do nothing to their disadvantage: directors of underwriting agencies owe a duty also to their shareholders. If parliament forces the sale of an agency and buyer A offers say 10p a share, while buyer B offers 11p, how will the directors decide if, in their view, buyer A would be more suitable as an agent from the point of view of the names?

Lloyd's underwriting agency agreements must be one of the most remarkable classes of commercial arrangement anywhere in the world, providing not only opportunity to participate in the profits of an underwriting venture without the inconvenient necessity of baving to submit to the same election procedures required of those who are providing the risk capital, but to enjoy while doing so the benefits of limited liability, denied to the names.

Not the least interesting feature of these agreements is that the Lloyd's authorities have never thought it necessary to require any consultation with names if the owners for the time being should decide to sell their shares.

The name who on Monday signs a three year agreement with an agency of whom the directors are Smith Brown and Robinson and the non-voting shareholders X Ltd, can find hy Friday that the directors are Jukes Fuchs and Snooks and the non-voting shareholders Y Ltd.

Now there is a real danger that sales will be forced, Parliament being convinced that certain people must sell, but having given little thought apparently to who may huy. That is not nearly good enough. Brokers may not make ideal owners, but better a broker committed to the Lloyd's system than tha Backstairs and Billingsgate trust, intent on "managing" the cash flow and secure in the knowledge that those whose money is being used have no rights to appoint directors to the agency board.

If agencies are to be sold, the bnyers should be members of Lloyd's, as individuals, and no-one else.

Alan Smallbone.
30, Temple Fortune Lane, NW11.

From Mr Peter Miller

Sir,—No one should lightly ignore an appeal from so eminent a Lloyd's personality as Robert Kiln (February 3). Nevertheless the accusation of inflexibility on the part of the Committee of Lloyd's is a charge which cannot be sustained. In response to representation from members of the Lloyd's community and from Members of Parliament, we have modified the Lloyd's Bill by the introduction of the "longstop" provisions, increased the numbers of External members of the council from six to eight, strengthened the clauses on "inquiries" to assist in the problem of frand, introduced provisions for Mandatory Divestment, and altered Clause 14 (11 as was) to restrict the restraint upon suit as far as possible.

Lloyd's Bill is essentially an enabling measure to facilitate Self Regulation; the only mandatory provisions are for setting up a council, establishing disciplinary bodies, providing for a necessary measure of "immunity" (Mr Kiln being a strong proponent) and (in accordance with Parliament's wishes) mandatory divestment. As well as listening patiently to the views of others, a good hroker must believe in his wares.

Peter Miller. Lloyd's,
Lime Street, EC3

More jobs without reflation

From the Director, National Institute of Economic and Social Research

Sir,—In his article "More Jobs Without Reflation" (January 28) Mr Samuel Brittan reprodnces a tahle from the *National Institute Economic Review* of last November. Under it be has added the words: "Warning: Use With Care. See Text." I think be is encouraging the reader to read his text. May I suggest that Mr Brittan might heed his own warning and read our text. We used tha effects of a cut in the National Insurance surcharge as a proxy for calculating the effects of introducing a general wage subsidy. Our model permits us to calculate such general changes. However, in our text, we wrote: "There are grounds for thinking that a subsidy would have greater leverage if concentrated at the margin, applying only to new jobs created." And we went on to discuss this at some length, quoting in particular the arguments of Layard and Nickell. Our difficulty was that we were not able to quantify these various effects. However, it should be noted that while it is vary easy on paper to direct subsidies towards this or that category of person, e.g. "additional workers," "unemployed for more than six months" and so on, the more differentiated these schemes become the greater the danger of a bureaucratic nightmare.

Mr Brittan also uses the fact that one of our wage equations (not tha other) delivers a big boost to the price level consequent upon a rise in public expenditure as a reason "why the pure Government spending option is impracticabla." What he has failed to understand is that this equation would deliver precisely the same boost to the price level in response to any equivalent net increase in expenditure wherever it came from. Other things heing equal, a rise in exports, a rise in private investment or a spontaneous increase in consumers' expenditure would, through that wage equation, have similar effects on the price level.

G. D. N. Worswick.
2, Dean Trench Street, Smith Square, SW1.

Proposed licensing of sex shops

From Mr David Weldon.

Sir,—The Government are planning to license sex shops. On the surface this would seem like a good idea but when one looks at the proposed legislation in detail it would seem to be yet another way in which local councils can extend their influence over what we do. The proposed legislation will allow local authorities to set their own fee for granting a licence to a sex shop—the GLC have already suggested £100,000. This surely is just another way of trying to close down all sex shops, a classic example of backdoor censorship, another example of "Big Brother" saying be knows what is best for us.

The fact that the number of sex shops have increased over the years suggests that there is a great demand for what they offer. No businessman in his right mind is going to open a shop in a particular area unless there is a public demand for it. If the proposed legislation is used to close down sex shops it will not lessen this demand and would mean the products being sold "underground" with all the resultant problems for the police.

The taxpayer would also lose out. If, as claimed, the sex shops have a huge turnover, then they no doubt pay large amounts of tax. If this turnover is so great this must prove the point that the shops are merely meeting what is a huge demand for their products.

Rather than eliminate the sex shops would it not be better to sell goods of a sexual nature in adults-only shops where children are not allowed. In fact this is the conclusion reached by the Williams Committee on Censorship.

Local councils would be able to use this legislation to say how many sex shops there should be in their own area—and in most cases this would mean none at all. Councils were not elected as moral guardians, and if they do close down the shops it will result in a return to the bad old days when everything of a sexual nature was sold under the counter.

You will not eliminate the demand for sexual products by getting rid of the sex shops. You will only increase that demand, for it is human nature to want something that is not readily available.

David Weldon.
43o Fitzroy Road, NW1.

Local authority spending plans

From Mr R. A. F. Morris

Sir,—In editing my response (January 28) to your editorial on local authority spending (January 11) you have omitted the cornerstone of my criticism of tha new system, and what remains does not respond to your comments. I would appreciate an opportunity to set the matter straight.

Following the planned reduction in resources for local authority capital spending of 54 per cent in seven years the new system of control makes expenditure over a specified figure illegal. Given a situation of large schemes with long lead-in times and all the manoeuvrability of an oil tanker, when in full flow, what Council dare aim for the target? Indeed it is not a *target*, but a *limit*, and the two should not be confused. Where would Central Government be if this system was applied to Concorde, Trident or De Lorean?

R. A. F. Morris,
14 Greenway Close, Sale, Cheshire.

Stonehill falls at 32 weeks

DESPITE what Mr P. Steinberg, the chairman of Stonchill Holdings describes as the worst trading conditions experienced by the furniture industry, the company remained in profit in the 32 weeks to November 8, 1981. The pre-tax figure was substantially lower, however, falling from £419,000 to £163,000.

Turnover of this north London domestic furniture manufacturer was down from £10.92m to £9.93m.

Mr Steinberg says the severe economic recession has created these conditions and has provided many companies with insurmountable problems. He adds: "We have succeeded in earning a profit for the period, and we are pleased to report a marginal improvement in business since August."

The interim dividend is being halved from 4p to 2p—last year's total was 8.5p from pre-tax profits of £615,000 (£2.05m).

The pre-tax figure was struck after depreciation slightly lower at £180,000 compared with £196,000. Tax took £85,000 against £218,000, leaving net profits of £78,000 (£201,000). Stated earnings per 25p share fell from 2.84p to 0.64p.

• comment

The confidence expressed when Stonehill maintained its dividend in the depressed year to March 1981 has not been justified by the current figures, and the interim payout has been halved. The cabinet side was worst hit and the recent Arctic weather has done nothing to improve deliveries. Along with the rest of the industry Stonehill has tried to maintain its market by keeping prices down. Although it has increased market share, pre-tax margins are now about 1.6 per cent. With continued destocking by the stores Stonehill has increased its exposure to mail order. Financially the company is as sound as ever with no borrowings and cash of about £½m. Costs have been kept well under control and overheads have been reduced by leasing two factories. At the same time new plant has been picked up cheap at auctions, and there have been no redundancies. The opportunity of acquisitions is ever-present but the company is taking no chances with its balance sheet. After the figures the tightly held shares shed 1p to 98p.

AGRICULTURAL

Agricultural Mortgage Corporation is issuing £2m in 14⅞ per cent yearling bonds at par redeemable on February 11, 1983.

Smith Bros. dives £0.8m into red

EXCEPTIONALLY difficult market conditions for jobbers, Smith Bros. have resulted in a pre-tax loss of £798,000 for the six months to October 23 1981, against profits of £1.41m for the same period of 1980. Turnover improved from £1.48m to £1.73m.

Mr A. J. Lewis, the chairman, says that there has been an appreciable improvement in trading in the third quarter, but adds that it is impossible at this stage to forecast the results for the full year.

With stated loss per 25p share at 3.7p (7p earnings), the interim dividend is being halved from 1p to 0.5p net—for the last full year, payments totalled 3p on pre-tax profits of £1.9m.

Last year's interim profits were struck after a £22,000 share of an associate's loss. A tax credit of £476,000 (£805,000 charge) produced a net deficit for the half year of £322,000, compared with £609,000. The interim dividend, after waivers, costs £37,000 (£71,000).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Blundell		4	April 1	3.2	5.6	4.8
Kinta Kellas Rubber	int.	1.5	April 1	1.5	—	5
Lonsdale Universal		0.5	April 5	Nil	1	1.85
Malaysia Rubber Co.	int.	1	April 1	1	—	3.5
Mid Wynd Intl. Inv.	int.	0.5	April 8	—	—	—
Scottish Agric.		9	April 2	9	14.75	14.75
Sentrust	int.	46c‡	March 19	40	—	94
Smith Bros.	int.	0.5	March 26	1	—	3
Stonehill Hldgs.	int.	2	April 7	4	—	8.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents.

SAI slips to £4.1m

WITH CONTINUING difficult market conditions, taxable profits of Scottish Agricultural Industries slipped from £4.45m to £4.13m in 1981. Turnover rose from £92.11m to £102.18m.

At the half year stage, this 62.4 per cent-owned subsidiary of Imperial Chemical Industries was already behind with pre-tax profits of £1.7m (£1.8m) earned on turnover of £40.3m (£41.9m).

The final dividend is being maintained at 9p net per £1 share making a same again total of 14.75p.

The directors say that the volume of fertiliser sales was a little higher than 1980 and selling prices were increased. This, however, was insufficient to overcome cost increases. Margins on merchanted products such as agrochemicals and animal health products also came under severe pressure.

The taxable profits were struck after depreciation of £953,000 (£1.01m), while tax took £1.4m (£1.43m). Attributable profits emerged at £2.92m (£3.9m) after a transfer from the Government grants account of £190,000 (£185,000).

On a CCA basis, there was a pre-tax loss of £473,000 (£188,000 profits).

• comment

For most of the past two years, profits of Scottish Agricultural Industries were depressed because of destocking by farmers of feed and fertilisers. This process came to an end last summer and turnover in the second half was up nearly a quarter as a result of improved volume and prices. But meanwhile, raw material prices were rising with the dollar and, together with other cost increases were enough to keep margins at inadequate levels. Farmers are now said to be buying only for immediate needs rather than restocking so some pick-up should occur in the spring. Competitive conditions remain fierce and so SAI will probably have to work hard to maintain its profits this year. Meanwhile, the shares of this 62 per cent owned subsidiary yield a useful 11.9 per cent at 186p.

27 companies wound up

Compulsory winding up orders against 27 companies were made by Mr Justice Slade in the High Court. They were:

Mergercity, Nicko Sports, Allteck (Technology Initiatives), Movie World Promotions, Industrial Foundations and Earthworks, Birrose.

Wessex Alloys, HCL Carriers, Mentsvale, Brompton Securities, Whitesquare (UK).

Prevance, Walloyd Engineering Company, Tentmass, Portaldrum, Reed and Thomas (Wales).

R. W. Pettit Decorating Company, R. W. Pettit Glazing Company, AJP (Plant Hire) Developers, Wembley Venue Promotions, Midfield, Adsemode.

Jelly Electronics, Island Window and Glass Company, Franklyn Mason Contracts, Thorogood Marine, and Saner Marketing Products.

A compulsory winding up order made on January 18 against All Purpose Finance was rescinded and the petition dismissed by consent.

Imasco climbs by C$34m

A substantial increase in earnings is reported by Imasco, the major Canadian tobacco and food products group owned by BAT's, for the first nine months of 1981. The figures have climbed from C$64.8m to $98.7m (£44m at current rates), and turnover was higher at $1.6bn compared with $1bn.

The directors say the outlook for the final quarter is for an appreciable improvement over last year.

Stated earnings per share for the nine months have improved from $3.16 to $4.44.

Exports boost for Blundell-Permoglaze

A RECOVERY in exports is given as the reason for the boost in pre-tax profits at Blundell-Permoglaze by Mr Robert White, chairman. The taxable figures rose from £1.84m to £2.05m for the year to October 31 1981, on turnover higher at £25.75m, against £23.7m before.

Mr White points out that part of the 11.5 per cent improvement in the pre-tax result came from an exceptional export order from "one of our traditional markets."

The final dividend of this paintmaker and building supplier has been lifted from 3.2p to 4p, which improves the year's total from 4.8p to 5.6p. After a reduced tax charge of £828,680 compared with £1.44m previously, earnings per share show a marked rise from 6.3p to 19.2p.

Mr White points out that the previous tax charge was heavy because of new proposals on stock relief. "We made strong representations to the Government on this point and we were extremely pleased to find in the Budget Statement that these proposals were being amended. "The tax charge has been reduced by 40 per cent," he adds.

"Our cash position remained strong at the year end," says Mr White. "The loan from FCI has been restored to its original amount of £1m, the extra amount being utilised in the purchase of Federated Paints," he says.

During 1981 Mr White says the company continued to build on the "firm foundation" which had been "reinforced during the previous decade." Federated Paints of Glasgow was acquired, a 15 per cent holding was bought in Hamilton Star, which "established a link with a maker of high quality brushes and tools," and a factory was opened in Dublin.

The Industrial division found the past year particularly difficult, says Mr White. "Its customers are all involved in manufacturing, the sector which has borne the main burden of the recession." He considers that in the circumstances the divisional management has done exceptionally well in trading profitably.

Both the decorative and Irish divisions performed well and increased their contributions to group profits.

• comment

After a dispiriting first half, when profits dropped by more than two-fifths, Blundell-Permoglaze has come out slightly ahead at the year end. At 107p, up yesterday by no less than 14p, the shares still trade on a fairly humble 6.7 times fully-taxed earnings and yield almost 8 per cent. Volume fell more or less equally in decorative and industrial products, by around 7 per cent. Within this, Blundell probably did better than average in its smaller business of industrial coatings, while losing share in the decorative segment as DIY gained at the expense of the building-trade (the part of the market in which Blundell sells). Altogether, profits would probably not have done more than draw level with last year except for buoyant exports (perhaps £1m coming from a single Middle Eastern contract, unlikely to be repeated in full this year). For all the gloom in most of its markets, Blundell can probably look forward to modest progress this year, given a full 12 months from Federated Paints and from the new plant in Dublin (where a second line is coming on stream). Capitalised at just over £6.5m—about 20 per cent below asset value—Blundell must feel vulnerable to takeover if ICI's bid for Holden turns out to be the signal for a rationalisation of the paint sector.

Hard going for McLeod Russel

THE recession in the UK has continued to make trading conditions very difficult for the subsidiaries and associates of McLeod Russel, says Mr Jardine Paterson, the chairman, in his interim report. No major increases in demand are apparent at present.

He says the current financial year, which ends on March 31 1982, has again been a difficult one for the international tea sector. The overall crop of its three Indian subsidiaries has shown a fall of approximately 2½ per cent over last season. While the price of tea has shown some modest improvement during the past 12 months, he says this has not been enough to overcome the inevitable cost increases.

In Zimbabwe, the tea sector has been particularly affected by the significant increase in the minimum basic agricultural wage. In Indonesia, the group, meanwhile, has received the required permissions from the Indonesian Government to commence the Tasik concession.

He makes lengthy comment on the acquisition, completed last November, of Warren Plantations. He says this marks an important stage in the development of the group's activities, and it has made a significant impact on both the group's existing activities and the introduction of further activities of a complementary nature.

The total consideration for Warren was £25m, and its companies are involved in a wide range of agricultural interests in Australia, India, Indonesia, Kenya and Papua New Guinea with a strong diversity of crops covering coffee, cotton, oil palm fruit, rubber and tea.

Reed Stenhouse losses rise first quarter

THE INCREASED first quarterly losses at Reed Stenhouse Companies were less than expected, according to Mr M. W. Wilson, president and chief executive. The pre-tax deficit rose from £274,000 to £775,000 on higher turnover of £25.93m, against £18.74m previously, for the three months to December 31 1981.

Mr Wilson says the result was not indicative of the result for the full 12 months which he says will surpass the last financial year. The group, which is based in Canada and 53.7 per cent owned by Stenhouse Holdings, is involved in international insurance and reinsurance broking and risk management.

Mr Wilson adds that the group will gain "great strength in the most important market in the U.S." from its recent agreement to acquire Schiff Terhune International, an insurance and reinsurance broking company with about $15m in revenues.

There was a stated net loss per class "A" share of 3.4p, compared with 1.6p before.

The turnover included commissions and fees of £23.22m (£17.2m) and interest and dividend income of £2.7m (£1.54m). Operating expenses amounted to £25.28m (£18.06m).

Interest charges rose from £432,000 to £799,000 and the charge for taxation moved up from £129,000 to £489,000. After higher minority interests of £179,000 (£52,000) and increased reduction of intangible assets of £62,000 (£43,000) the net loss for the period emerged at £527,000 (£240,000).

G. Ruddle postpones USM placing

G. Ruddle and Co, the Rutland brewery, is to postpone the placing of its shares on the unlisted securities market, which was originally planned to take place later this month.

At a meeting yesterday with its stockbrokers, L. Messel and Co, it was decided to defer the placing "in view of the proximity of the Budget and its possible effect on sales of beer and the consequent pricing policy the company may wish to pursue."

The intention had been to place nearly a fifth of the company's shares, in a move that would have valued the business at £6m or more. Messel said yesterday that the new date for the placing would be decided following the Budget and the close of the company's financial year running to March 31.

Lonsdale Universal drops to £0.3m and hiving off book side

ALTHOUGH second-half profits show a modest advance on the same period of 1980, Lonsdale Universal reports a reduction in pre-tax figures from £829,000 to £296,000 for the year ended September 30 1981 on lower turnover of £37.92m compared with £39.94m.

Mr N. G. Ramseyer, the chairman of this industrial holding group, says the results are close to those foreshadowed at the interim stage — when taxable profits were down from £712,000 to £165,000—and reflect the very difficult trading conditions which persisted throughout the year.

After discussions with the group's advisors, Kleinwort, Benson, the board proposes, subject to shareholders' approval, to dispose of the profitable bookselling division by means of an offer to shareholders and will seek separate quotation for the division. Subject to the adoption of these proposals there will be changes in the group's management.

While the group's technical and bookselling divisions traded profitably in the year under review, all other activities were hit by the recession. In particular, office equipment and stationery profits slumped from £556,000 to £38,000 with the decline in sales of office equipment leading to a fall of 11 per cent in turnover to £11.35m.

However, the opening quarter of the current year has seen an improvement in the underlying trend in most of the group's units including the office equipment and stationery division. The chairman says it is too early to forecast results, but with the continuation of these trends and the substantial reduction in borrowings following the disposal of the bookselling side, it should be possible to report an improved financial position next year.

During the year, Lonsdale achieved a substantial reduction in borrowings with a consequent fall in interest charges, but the apparent decline from £4.9m to £2.7m is overstated because of the Civil Service dispute. The board estimates that at the year end, after taking into account delayed payments to the group, a net amount of £0.7m was due to the Government and therefore a true borrowings' reduction of £1.5m was achieved.

Mr Ramseyer states that while the level of profitability barely justifies the payment of an ordinary dividend, the board proposes to repeat the interim payout with a final of 0.5p net, which reflects its confidence in the future development of the group. The total dividend of 1p per share, compares with an interim of 1.85p for the previous full year when no final was paid. Stated earnings per 25p share were 1.16p (6p).

The group's technical activities achieved a modest increase in turnover in 1980-81, but contracting margins led to a fall in profits from last year's peak. In the printing sector, reduced demand for business forms and plastic film products resulted in lower profits, but poster production and general print operated at a lower level of demand, which caused losses in certain units with redundancies and other curtailing actions being essential.

	1980-81 £000s	1979-80 £000s
Turnover	37,921	39,935
Office eqpt. & stnry.	11,347	12,711
Tech. & drawing office	7,045	6,529
Printing	6,953	7,217
Engineering	1,000	1,387
Bookselling—UK	4,440	3,813
Bookselling—Overseas	7,057	6,071
Retailing	79	1,827
Management costs	—	170
Profit	1,229	2,741
Office eqpt. & stnry.	38	556
Tech. & drawing office	762	869
Printing	318	647
Engineering loss	147	*19
Bookselling—UK	235	138
Bookselling—Overseas	328	287
Retailing	10	5
Management costs	345	280
Interest paid	933	1,312
Profit before tax	296	829
UK tax	35	182
Overseas tax	135	105
Net profit	126	681
Extraordinary credit	11	†2,180
Preference dividends	22	22
Ordinary dividends	90	166
Retained profit	25	‡1,307

* Profit. † Debit. ‡ Loss.

Both in the UK and Australia there were some changes in the group's bookselling operations. The purchase of small exporter's business helped UK performance which made a satisfactory advance. In Australia, the group sold the subscription agency part of the business, using the proceeds to acquire a competing bookselling business and to reduce Australian borrowings.

The group's engineering activities suffered a marked fall in the demand for printing machinery and incurred a heavy loss.

• comment

Lonsdale has had a long hard look at its business to find further ways of reducing borrowings. Property disposals, with the contraction of engineering into one factory, has realised about £1m. Gearing, 100 per cent last year, is down to about 75 per cent. And now the company plans to sell off its bookselling business in an offer to shareholders, with details to be announced in a couple of months. This was the only division to improve, with a 32.5 per cent advance in pre-tax profits, having recovered from computer installation problems. Lonsdale has not been chasing turnover, preferring to concentrate on maintaining margins. The last quarter has seen improved trading, giving Lonsdale the hope that the bottom has been reached. But the shares, unchanged at 36p, yield only 4 per cent with a p/e of around 23, which is demanding enough. The price stands at a 25 per cent discount to asset value, and Lonsdale will not say how much of those assets are tied up in the bookselling business.

Glanfield reduces deficit

A FALL in Glanfield Lawrence's second-half taxable losses from £86,000 to £22,000 brought the total for the year to September 27 1981 to £138,000 against £204,000 last time. Turnover for the 12 months jumped from £9.82m to £12.35m.

However, after a tax credit of £152,641 (£76,360) the net figure of this motor vehicle distributor and engineer emerged as a surplus of £14,609 (loss £127,145). Additionally there were extraordinary profits of £26,075 (£11,941) on the sale of freehold land and buildings.

But despite a return to earnings per 25p share stated at 0.3p (6p losses), the single dividend for the year is again being missed.

The directors say that in the absence of any noticeable improvement in the economy, it would be unwise to forecast a return to substantial trading profits during the current year. However, the group is well equipped to take advantage of any increase in the level of business when it occurs.

The extraordinary profits (shown net) on the sale of land and buildings arose from the closure of the group's heavy commercial vehicle operations in Wakefield and Lancaster. Also a professional revaluation of the group's freehold land and buildings at the year end resulted in a surplus of £525,640, which was credited to reserves.

A change in the method of depreciating plant and equipment has resulted in an additional charge to reserves of £19,287.

The directors say that after many years of attempting to improve the group's petrol operation in Finchley, north London, negotiations are being concluded to purchase some land adjacent to the existing motor dealership, on which a substantial petrol filling station will be developed in conjunction with an international oil company.

SPAIN

February 4	Price %	+ or −
Banco Bilbao	338	
Banco Central	355	+2
Banco Exterior	321	+2
Banco Hispano	323	
Banco Ind. Cat.	115	
Banco Santander	359	
Banco Urquijo	226	+2
Banco Vizcaya	377	
Banco Zaragoza	234	
Dragados	172	
Espanola Zinc	60	
Fecsa	62.2	+0.2
Gal. Preciados	43	+2
Iberduero	53.5	+0.5
Petroleos	99.7	−0.9
Petroliber	96	
Sogefisa	20	−1
Telefonica	72.5	+0.8
Union Elect.	66.5	+0.3

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—D. F. Bevan, Burt Boulton, English Association, ML Holdings.

Finals—Associated Fisheries, British American and General Trust, Drayton Far Eastern Trust, Glasgow Stockholders.

FUTURE DATES

Finals—

Alexanders Holdings	Feb 12
Broadstone Investment Trust	Feb 3
Brooke Tool Engineering	Feb 12
Crouch (Derek)	Mar 4
De Beers Consolidated	Mar 3
Jacobs (John I.)	Mar 17
Leaderflush	Feb 10
Plastic Constructions	Feb 12
River Plate and Gen. Inv. Trust	Feb 11
River and Mercantile Trust	Feb 11
Temple Bar Investment Trust	Feb 15

RESULTS AND ACCOUNTS IN BRIEF

GESTETNER HOLDINGS (duplicating machine manufacturer)—Results for year to October 31 1981, reported on January 21 1982. Shareholders' funds £144.35m (£136.29m); current assets £202.26m (£179.56m), including debtors £92.15m (£75.18m); net current assets £95.8m (£94.13m); increase in bank borrowings and other loans £4.38m (£2.54m). Meeting, March 2.

ENGLISH AND NEW YORK TRUST (investment trust)—Results for 1981 show net earnings £1.72m (same) after tax £1.07m (£1.01m); earnings per 25p share 4.29p (4.3p); net asset value per share 101.7p (120.7p) and fully diluted 101.5p (120.4p); final dividend 2.4p net (2.3p) making 4.15p (4.05p).

OAKWOOD GROUP (engineer and distributor of sanitaryware)—Results for year to September 30 1981 reported January 13. Shareholders' funds £2.9m (£2.35m); fixed assets £1.78m (£1.61m); net current assets £1.76m (£1.59m) including secured bank overdrafts £317,000 (£601,000); increase in working capital £47,000 (£727,000). Meeting: Crawley, March 3 at noon.

BAKER HOUSEHOLD STORES (LEEDS) (non-foods self service stores)—Results for year to September 26 1981 already known. Shareholders funds £3.1m (£2.6m); fixed assets £1.44m (£959,329); net current assets £1.96m (£1.66m); increase in working capital £338,262 (£43,243 decrease); decrease in cash resources £724 (£580,542 increase); historic taxable profits of £962,590 (£874,419) reduced by current cost adjustments to £944,590 (£786,412). Meeting: Leeds, March 5, noon.

SONIC SOUND AUDIO HOLDINGS (hi-fi and electronic goods retailer)—Results for year ended October 31 1981 and prospects reported December 12. Total shareholders' equity £1.49m (£0.79m). Fixed assets £1.06m (£0.24m). Net current assets £0.44m (£0.57m). Net liquid funds decreased £876,451 (£52,800). Meeting, Winchester House, EC, February 25, noon.

BANK RETURN

	Wednesday Feb. 3 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	37,250,969	— 227,356
Bankers Deposits	573,917,844	+ 104,230,974
Reserve & other Accounts	1,534,606,726	— 21,866,263
	2,162,328,539	+ 82,137,355
Assets		
Government Securities	593,250,069	+ 46,400,000
Advances & other Accounts	1,041,225,098	+ 2,779,287
Premises Equipment & other Secs.	520,310,069	+ 40,656,064
Notes	7,100,917	— 7,736,667
Coin	242,388	+ 39,671
	2,162,328,539	+ 82,137,353
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,600,000,000	—
In Circulation	10,592,899,083	+ 7,736,667
In Banking Department	7,100,917	+ 7,736,667
Assets		
Government Debt	11,015,100	—
Other Government Securities	4,201,233,403	— 268,958,242
Other Securities	6,387,749,497	+ 268,258,242
	10,600,000,000	—

LONDON TRADED OPTIONS

Feb. 4 Total Contracts 2,670. Calls 2,153. Puts 417.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	300	12	3	22	32	30	—	296p
BP (p)	280	13	3	18	1	20	—	290p
BP (p)	300	24	1	30	—	35	1	"
BP (p)	360	80	15	84	—	—	—	"
CU (c)	130	12	1	17	—	25	50	132p
CU (c)	160	2	10	—	—	—	—	"
Cons. Gld (c)	500	20	1	37	—	40	5	481p
Cons. Gld (p)	460	17	—	27	—	37	3	"
Ctlds. (c)	70	14	5	17	—	22	—	81p
Ctlds. (c)	80	7½	—	10½	3	12½	—	"
GEC (c)	800	63	19	87	—	107	—	841p
GEC (c)	850	29	2	57	—	70	—	"
GEC (p)	800	17	13	22	—	32	—	"
GEC (p)	850	34	27	40	—	52	—	"
Gr'd Met. (c)	160	41	37	48	—	—	—	199p
Gr'd Met. (c)	180	22	38	31	—	35	—	"
Gr'd Met. (c)	200	9	65	15	133	21	—	"
Gr'd Met. (c)	220	3	20	—	—	—	—	"
Gr'd Met. (p)	180	8	—	2	5	13	—	"
Gr'd Met. (p)	200	11	—	16	76	19	3	"
Gr'd Met. (p)	220	26	20	—	—	—	—	"
ICI (c)	280	68	70	74	—	—	—	338p
ICI (c)	300	42	73	64	—	82	—	"
ICI (c)	330	21	3	32	83	42	—	"
ICI (c)	360	10	10	18	—	24	—	"
ICI (p)	330	16	50	22	25	26	—	"
Mks & Sp. (c)	110	36	2	40	—	—	—	143p
Shell (p)	360	14	—	20	25	26	—	378p
		February		May		August		
Barclays (c)	420	53	2	68	—	76	—	471p
Barclays (c)	460	15	2	30	30	47	—	"
Barclays (c)	500	3	—	11	28	27	1	"
Barclays (p)	460	7	—	16	1	18	2	"
Imperial (c)	60	19½	14	20	30	22½	1	80p
Imperial (c)	70	10	154	10½	113	15	—	"
Imperial (c)	80	3	99	6	814	8	32	"
Imperial (p)	70	1	—	2½	3	4	—	"
Imperial (p)	80	3½	1	6	—	8	—	"
Lasmo (c)	390	10	—	25	13	42	—	396p
Lasmo (c)	500	½	—	8	—	13	1	"
Lonrho (c)	80	5½	4	8	—	9	3	84p
Lonrho (c)	90	1	—	4	—	5½	4	"
Lonrho (p)	80	2	—	6	—	8½	8	"
Lonrho (p)	90	7	2	10	8	12	—	"
P & O (c)	130	11	—	19	1	28	—	138p
P & O (c)	140	6	1	14	—	19	—	"
P & O (c)	150	3	—	8	26	19	—	"
Racal (c)	360	27	2	47	—	37	5	383p
Racal (c)	390	10	—	27	1	40	10	"
Racal (p)	390	16	—	23	8	28	—	"
Racal (p)	420	38	2	40	30	45	—	"
RTZ (c)	460	17	8	48	6	50	—	459p
RTZ (c)	500	7	—	22	20	32	—	"
RTZ (p)	420	4	—	12	1	20	—	"
RTZ (p)	460	15	—	22	1	30	—	"
Vaal Rfs. (c)	60	5½	23	6¾	8	8	3	$64
Vaal Rfs (c)	70	1½	—	3¼	—	¾	20	"
Vaal Rfs. (p)	60	3½	7	3	—	7	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	110	14	—	—	—	—	$384.26
GOLD C	$400	7	4	13	18	116	31	"
GOLD C	$425	8	0.50	—	—	13	21	"
GOLD C	$450	—	—	1	4	—	—	"
GOLD P	$350	—	—	—	—	10	11	"
GOLD P	$375	116	3.50	—	—	7	16	"
GOLD P	$400	2	15	9	23	107	27	"
GOLD P	$425	—	—	8	43	1	45	"
12¾ NL 81 87-91								
C	F.107.50	—	—	—	—	20	1.60	F.107.40
C	F.110	—	—	—	—	100	0.60	"
19 NL 81 85-88								
C	F.102.50	3	0.50	—	—	—	—	F.102.60
P	F.102.50	—	—	10	0.70	20	1.30	"
10¾ NL 80 86-95								
C	F.95	10	2.90	—	—	—	—	F.97.80
C	F.97.50	—	—	50	1.50	—	—	"
P	F.97.50	—	—	90	1	—	—	"
		April		Jan.		Oct.		
AKZO C	F.22.50	50	4.50 B	—	—	—	—	F.26.80
AKZO C	F.25	111	2.30	15	3.30	22	3.60	"
AKZO C	F.27.50	83	0.80	29	1.30	110	1.50	"
AKZO P	F.25	—	—	10	0.50	5	1.10	"
AKZO P	F.27.50	—	—	—	—	10	2	"
AMRO C	F.50	13	1.50	3	2	6	3.60 A	F.48.90
HEIN C	F.55	—	—	12	2.50	—	—	F.53.50
HEIN C	F.60	—	—	10	1.50	—	—	"
HOOG C	F.17.50	—	—	55	1.20	—	—	F.17.10
IBM C	$55	3	8¼	—	—	—	—	$61⅛
IBM P	$60	20	1¼	—	—	—	—	"
KLM C	F.80	19	7.60	—	—	6	13.50	F.84
KLM C	F.90	106	3	37	6.10	—	—	"
KLM C	F.100	76	1.50	11	3.40 B	—	—	"
KLM C	F.110	7	0.70	—	—	—	—	"
KLM C	F.120	31	0.20 A	—	—	—	—	"
KLM P	F.80	140	2.40	15	4	—	—	"
KLM P	F.90	73	6	6	2 B	3	10.40	"
KLM P	F.100	40	16.50	—	—	—	—	"
NEDL C	F.140	5	1.70	12	3.80	—	—	F.131.80
NEDL C	F.160	10	0.50	—	—	—	—	"
NEDL P	F.130	—	—	8	8.90	—	8.50	"
NEDL P	F.140	13	8.90	—	—	—	—	"
NATN C	F.110	—	—	20	1.40	—	—	F.109
PHIL C	F.20	30	3.30 A	15	3.60	—	—	F.22.80
PHIL C	F.22.50	179	1.30	—	—	20	8.20	"
PHIL C	F.25	80	0.50	143	0.70	46	1.10	"
PHIL P	F.22.50	20	0.50	10	0.90	—	—	"
PHIL P	F.25	10	2.30	—	—	—	—	"
RD C	F.80	64	6.20 B	—	—	—	—	F.82.20
RD C	F.90	125	1.30	46	2.70	—	—	"
RD C	F.100	—	—	5	1	—	—	"
RD P	F.70	—	—	50	0.70	—	—	"
RD P	F.80	79	1.90	24	3.40	10	3.90	"
RD P	F.90	28	8.50	—	—	—	—	"
UNIL C	F.150	6	10.20	—	—	—	—	F.157.80
UNIL C	F.160	60	3.30	7	4.70	—	—	"
UNIL P	F.150	79	0.90	—	—	—	—	"
		Feb.		May		Aug.		
SLUM D	$50	23	1½	—	—	—	—	$49¼
VW C	DM.150	—	—	7	4.70	—	—	DM142.50

TOTAL VOLUME IN CONTRACTS: 3240

A=Asked B=Bid C=Call P=Put

Y. J. Lovell rights issue to raise £3.78m

THE HOUSING and commercial property development group Y. J. Lovell, is raising £3.78m gross by way of a rights issue of 1.7m shares on the basis of one new share at 220p for every four held on January 29.

Lovell recently reported profits before tax in its year to September 1981 up 11 per cent to £3.19m on turnover of £137m.

The directors consider that it is an appropriate time to expand the group's activities in private housing, commercial development and in independent hospitals. They believe that this is best achieved by way of a rights issue rather than by increasing the overall level of gearing.

Over the past 10 years, the level of Lovell's business has increased substantially, with turnover rising from £23m to £137m and ordinary shareholders' funds from £2.8m to £27.5m, or 400p per share, after taking account of a revaluation of properties in 1980.

The group's growth and changes in the nature of its business have resulted in an increase in the level of borrowings, which stood at £12.9m at the end of the last financial year.

On the commercial property side, the directors believe it is more profitable in current market conditions to fund developments from internal resources and they want greater freedom to self-finance development. Rental income is running at £1m per year.

In his annual statement, the chairman, Sir Peter Trench, predicts that "1982 is going to be hard going, but the current financial year has started well.

"Those who believed that the construction industry might be used as a vehicle for reflating the economy are in my view likely to be disappointed no matter what cogent arguments are raised in its favour."

No profit forecast is offered but the directors intend to maintain the 8p dividend on the enlarged capital. Lovell is also making a one-for-one scrip issue and the rights shares will rank for the scrip. However, neither the scrip nor the rights shares will rank for the final dividend in respect of last year.

Dealings in the rights shares are to begin in nil paid form on February 8. The final date for acceptance is February 26. The issue has been underwritten by S. G. Warburg. Brokers are Carr, Sebag and Co.

● comment

Since Y. J. Lovell's last rights issue in 1976, profits before tax have more than doubled and earnings per share more than trebled. The commercial development side has been particularly successful, benefiting from the concentration in the south east and the 1979 acquisition of Farrow from ICI for £2.25m. Lovell has also proved to be a shrewd housebuilder, managing to sell a record 1,100 units last year despite dismal market conditions. Nearly half its house sales now come under partnership schemes with local authorities, a field in which it is a market leader. Part of the rights proceeds will be devoted to working capital for the still growing housebuilding business. Much of the rest is to enable the group to retain some of its choice commercial developments, thus adding to a rent roll that has quadrupled in the past five years. Part of the attraction of the shares has been the strong asset backing and this will be diluted somewhat by the rights shares—from 400p to 363p per share—but there should be little, if any, earnings dilution. The ex-rights yield is 4.9 per cent at 274p down 1p.

BIDS AND DEALS

Croda forecasts 85% boost in total dividend payment

Croda International, the speciality chemicals group striving to beat off a take-over bid from Burmah Oil, has forecast an 86 per cent increase in its dividends for 1982, to 7p net per ordinary share against the 3.75p net recommended for 1981.

A statement from Croda's Board said: "The outlook for Croda and the chemical sector generally over the next few years is so favourable that it would be a disservice to shareholders not to forecast a level of dividends for 1982 appropriate to the outlook."

Croda's ordinary shares closed last night at 84p, up 10p. They have traded above the level of Burmah's 70p cash bid throughout, preventing Burmah from adding to its initial purchase of 14.99 per cent in a dawn raid on Croda on December 18.

When the bid passed its first closing date earlier in the day, Burmah's advisers, J. Henry Schroder Wagg, announced that acceptances had been received for an additional 2.83 per cent of Croda's equity

Sir Freddie Wood, chairman of Croda, thought the acceptances figure represented "almost an accidental amount—the few shareholders who haven't paid much attention."

He supposed that Croda, which is advised by S. G. Warburg, would now be "vulnerable to accusations of over-generosity" on its dividend. "But we do think Croda is going to be worth well over 100p a share. We and our shareholders would be kicking ourselves from here to Christmas if we let such a low bid as Burmah's win the day."

Mr Campbell Anderson, Burmah's managing director elect, thought it notable that Croda had indicated on February 1 that it would be disclosing a dividend forecast for 1982, but had talked only of indicating prospects as far as profits were concerned.

Yesterday's announcement, said Mr Anderson, "implied a projection of future performance without accepting the responsibility of a formal profit forecast." He thought all Croda shareholders would want to know the implications of the announcement. "Should this be taken to imply a major earnings increase or a diminution in dividend cover?" Croda looked as though it was "mortgaging the future."

Burmah's advisers said "detailed profits must clearly be called for straightaway." Schroder Wagg doubted that the forecast dividend could be covered by profits in 1982 on a CCA basis.

"There are defences and defences," said the merchant bank, "but such a forecast as this only a month into a company's financial year is flabbergasting."

London hotel bought by Vaux for £7.7m

Vaux Breweries has bought from Grand Metropolitan Hotels, the 415-bedroom London International Hotel for £7.7m, payable half on completion and half on September 29 1982. It is estimated that the hotel made trading profits of about £0.5m for the year to end September 1981.

The hotel is leased from London Transport at a rent of £8,000 per annum. The lease has 83 years to run, and rent reviews are due in 1999 and 2032.

Mr Paul Nicholson, chairman of Vaux, gave this news at the annual general meeting held in Sunderland yesterday. He added: "For some time, our Swallow Hotel Group has been looking for a good London hotel. This acquisition is a major move for the group and makes it the eighth largest group in the UK which, until today, was the only substantial group without an hotel in London."

Commenting on trading in the first half of the current year, he said that sales had not been good, and had been badly hit by the severe weather so that prospects for the 24 weeks to March were of trading profit around last year's levels.

But, he added, after taking into account increased interest costs, the pre-tax profit would probably be some 10-15 per cent behind last year's.

Platignum suspended on talks

A BID may be in the offing for Platignum, the lossmaking pen and plastic moulding group, which called a halt to dealings in its shares on the London Stock Exchange yesterday.

The company said it was considering "proposals submitted by a third party."

Talks are expected to continue for a week or two before a further announcement is made.

At yesterday's suspension price of 7p the company's £1.09m capital is valued at £1.54m.

The company showed a turnround from a profit of £377,000 to losses, before tax, of £443,991 in the year ended January 31 1981, after a deficit of £15,184 in the first six months. In the first half of the current year losses amounted to £402,268 and the directors said that they were continuing although at a much reduced rate.

In the eight years up to January 31 1979 profits had fluctuated between £509,000 in 1971 and £655,000 in 1978-79, apart from a dip to £303,000 in 1976-77.

Sales in the current half year fell from £5.04m to £3.69m. In their interim statement the directors said that although destocking in the UK had eased, the company's major customers had given no indication of returning to traditional stock levels.

RTZ/THOS. WARD

Rio Tinto-Zinc, whose bid for Thos W. Ward became unconditional on January 25, has told Ward's management that it has "no plans to dispose of or transfer" any of Ward's non-cement businesses. Mr Peter Frost, the present chairman and managing director, will be continuing to serve the company in both roles.

A letter from Mr Frost to Ward's shareholders yesterday urged them to accept RTZ's bid, therefore, rather than remain as minority shareholders. RTZ now owns over 75 per cent of Ward.

Three RTZ representatives are to join Ward's board as non-executive directors: Mr Andrew Buxton, Mr Bill Reid and Mr Desmond Smith.

RTZ will shortly be announcing alternative cash or convertible RTZ stock terms on its awaited bid for Ward's 7½ per cent convertible loan stock. The terms will be equivalent in value to the successful offer for Ward's ordinary shares.

The next stage in RTZ's planned integration of the Ward, Tunnel Holdings and Ribblesdale cement businesses, says Mr Frost, will be an offer by RTZ for the minority of Tunnel's shares not already held by the mining group.

BELL AND HOWELL

Bell and Howell, the international information systems company, has acquired Data Laboratories, the Mitcham-based manufacturer of the Datalab range of high-technology instrumentation.

Johnson Group Cleaners in $1.75m U.S. takeover

THE RETAIL dry cleaning and garment hire group Johnson Group Cleaners has paid US$1.75m (£939,000) for the whole of the share capital of Tuchman Cleaners and Tuchman Realty of Indianapolis, Indiana. The acquisition complements the purchase of a 65 per cent stake in Apparelmaster of Ohio last October when Johnson paid $$12,500 to lift its holding to 82.5 per cent.

Tuchman's sales are $3.6m annually and net asset value is around $1.9m. It has 32 retail shops in Indianapolis, only five of which contain on the spot cleaning facilities, and its other activities take in Apparelmaster garment rental and some commercial laundry and cleaning of household upholstery fabrics.

Mr Sidney Tuchman, the former owner, will remain as chairman and chief executive and will join the board of Johnson Group's U.S. subsidiary.

Mr John Crockatt, chairman of Johnson Group Cleaners, said that the group intended to increase the number of premises with on the spot cleaning premises in Indianapolis and the garmant rental business, now worth about a seventh of Tuchman's turnover, would be expanded at a budgeted rate of $5,000 per week.

He said that the group was looking for further acquisitions in a highly fragmented market and commented that Johnson Group was being offered U.S. businesses on "almost an embarrassing scale."

Apparelmaster, he calculated, would have made about $300,000 pre-tax in 1981 on a UK accounting basis and Tuchman's return on sales of about $3.6m was about half the UK margin of some 10 per cent.

Braid buys a second Ford dealer

Braid Group has acquired T. Simister for £490,050 cash. T. Simister operates a main dealer franchise for Ford cars in Macclesfield.

The book value of the net assets of T. Simister at December 31 1981 amounted to £391,855. The pre-tax profits for the year to August 31 1981 were £84,589.

The acquisition adds a second Ford main *dealership* to the group. Two directors of Braid have joined the board of Simister, but will not have any service agreements with that company.

CARAVANS INTL.

Caravans International has sold its factory at 500 Ringwood Road, Parkstone, Poole, Dorset, for £815,000 paid in cash on completion.

The factory formerly housed the Bluebird Static Holiday Caravan manufacturing business which was sold last August. This made the factory surplus to the company's requirements.

It was sold as part of the planned reorganisation referred to in the 1981 chairman's statement.

Net profits of the sale exceeded the net book value of the property by some £300,000. The net proceeds will be used to reduce the company's loan.

BOC SALE

BOC has sold its Tall Oil business to Union Camp Corporation of Wayne, New Jersey. The 80 employees will be offered continuity of employment.

As a result of the deal, BOC's fractionation plant at Chester-le-Street, County Durham will operate as Union Camp Chemicals (UK), a newly formed subsidiary of the American purchaser.

Union Camp has one of the largest chemical operations owned by a forest products company.

SHARE STAKES

Leopold Joseph Holdings—Edinburgh Investment Trust holds 188,550 ordinary (7.17 per cent).

W. Tyzack Sons and Turner—Record Ridgway holds 460,000 ordinary (26.66 per cent).

Macpherson paying £1.8m cash for JFB subsidiary

Donald Macpherson Group has acquired Briggs and Townsend from Johnson and Firth Brown for £1.8m in cash to be paid over one year. The consideration represents the value of Briggs and Townsend's net assets as at December 31 1981.

Briggs and Townsend has one of the most broadly based polyurethane manufacturing activities in the UK. The company operates from Birch Vale, near Stockport, Cheshire and its products comprise speciality plasticisers, polyester polyols and polyurethanes.

The company has been a supplier to Donald Macpherson for several years and its acquisition represents a further stage in diversification for Macpherson, which has been involved in the polymers industry for over six years through Macpherson Polymers.

Briggs and Townsend became a subsidiary of JFB in 1972. For the year ended September 30 1981, the company made an unaudited operating loss of £40,000, against £147,000 profits previously, on lower sales of £3.62m (£3.8m). However, for the three months to December 31 1981 a profit of £41,000 on sales of £1.13m was achieved.

Its net assets comprise a new freehold nine acre site with laboratories, offices and factory. In addition, Briggs and Townsend owns 50 per cent of Townsend Chemicals (Pty) in Australia, a private concern with a turnover of £1m involved in manufacturing activities similar to those of Briggs and Townsend.

Mr Rex Chester, the Macpherson chairman, comments that the acquisition "will significantly increase Donald Macpherson's strength in an industry with high growth potential. Briggs and Townsend's modern manufacturing and research facilities will be naturally complemented by Macpherson's polymer compounding and marketing expertise."

Reo Stakis first quarter ahead

TRADING IN the first quarter of the current year of hotelier, restaurateur and gaming proprietor the Reo Stakis Organisation was ahead of last time, says Mr Reo Stakis, chairman, in his annual statement. However he is reluctant to take this as a sign of better times ahead—though he believes the group operates in "one of the growth industries of the future" and he is confident it will do better when the recession lifts.

As reported on January 14, the group increased taxable profits by 18.4 per cent from £3.94m to £4.66m in the 52 weeks to September 27 1981, and Mr Stakis points out that this figure is reduced by only £173,000 by current cost adjustments.

He says that the 7.3 per cent increase in trading profits of the hotels and inns division was mainly due to improved productivity in almost every operation including the head office. Efforts to control energy costs were also successful and further savings were made in the cost of repairs and renewals.

Despite another poor year for tourism in Scotland the group's main resort hotels had excellent results, he adds.

The Stakis Coylumbridge Hotel had its best ever summer, which the directors see as fully justifying the substantial investment made there in recent years. The new bedroom wing at the Stakis City Mills Hotel, Perth, enabled that hotel to exceed all their expectations.

Another success story, Mr Stakis says, was Coylumbridge Highland Lodges, the time-sharing development at Aviemore. The take-up rate particularly for the winter months was very encouraging and this gave a substantial contribution to profits for the year. The directors are currently planning the next phase of this development and are also looking at the "sun belt" of Europe for potential sites for similar developments.

Since the year end the group has opened two more off-licence shops and seven others are to open in the next few months. More than half of these units are situated outside the west of Scotland which has been the group's traditional stronghold and it intends that this expansion will continue.

Since the year end the group has received £750,000 following agreement to withdraw from a conditional contract for the purchase of a leasehold property. This will be treated as an extraordinary item in the 1982 accounts.

At the year end shareholders' funds stood at £23.51m (£20.34m) while loans came to £12.93m (£9.97m). Fixed assets were valued at £38.66m (£31.97m), current assets amounted to £14.16m (£12.97m) and current liabilities were £14.51m (£13.55m). During the year working capital fell by £2.16m (£120,000) though cash balances increased by £498,000 (£185,000).

At the annual meeting to be held in Renfrew on February 25 at 3 pm, the shareholders are being asked to approve a proposal to change the group's name to Stakis.

Gopeng's output up on last year

BY GEORGE MILLING-STANLEY

TIN CONCENTRATE output of the London-registered Gopeng Consolidated fell last month to 145¾ tonnes, compared with 157¼ tonnes in December.

The company, which produces tin in Malaysia, has so far produced 583¾ tonnes of concentrate in the first four months of the current financial year, against 514¼ tonnes at the same stage of 1980-81. The total in the last full year was 1,697 tonnes.

Gopeng's operations had been approaching the end of their life, but earlier this week it was announced that the company had secured its future in a complex deal with the Government of Perak State, where it operates.

Subject to approval by the shareholders and the various regulatory authorities, including London's City Panel, Gopeng is to issue 1.71m new shares to the Perak State Development Corporation of Malaysia (PSDC) at par of 25p, for a total consideration of around £427,270.

Following this, the company will pay PSDC M$1.25m (£298,150) in cash for the replacement of its expired and current mining leases by new leases, which will run for 10 years.

While it looks on the surface as though Gopeng's directors probably had little room to negotiate, in view of the necessity for the company's leases to be renewed, shareholders would nevertheless be well advised to give the deal their approval.

The main reason is that PSDC is likely to prove a powerful ally, and has already promised to help Gopeng in future applications for mining title, and any conversions of agricultural land to mining.

It is expected in Malaysia that PSDC will eventually use its 30 per cent stake in Gopeng as a platform from which to gain effective control through the injection of the state corporation's other mining and commercial interests.

The shares reacted sharply to the news in London, with a fall of 70p to 560p, but they have since then stabilised at around that level. The London price was 550p yesterday.

The latest outputs for the companies in the group are compared in the accompanying table.

	Jan tonnes	Dec tonnes	Nov tonnes	Oct tonnes
Gopeng	145¾	157¼	141½	139¼
Membang	47	57½	55	42½
Tanjong	13	12	20½	17¼
Pengkalen	4	7½	8	5

Sentrust's good first half

AFTER having boosted net profits by 71 per cent in the year to last June South Africa's Sentrust has continued to do well in the first half of the current financial year.

The Gencor group's industrial and mining investment company reports earnings for the six months to December 31 of R14.09m (£7.75m) compared with R14.34m in the same period of the year to last June when the total came out at R35.46m.

The current year's interim dividend is being raised to 46 cents (25p) from 40 cents last time when the 1980-81 total reached 94 cents against 55 cents for the previous year.

Sentrust's first half profits equal 71.4 cents per share, before investment transactions. Although it is pointed out that income and expenditure do not flow evenly during the financial year the latest increased interim suggests that there will also be a higher final.

On this showing the shares at 402p to yield just over 12 per cent on the 1980-81 dividend total and backed by net assets of 1,373 cents (755p) per share do not appear to be over-priced among other similar investments in this field.

Disposals boost Hanna

EXTRAORDINARY gains of $10.4m (£5.6m) boosted full-year net profits of Hanna Mining of the U.S. to $44.02m, against $38.69m in 1980. The gains arose from the disposal of a copper property in Arizona and an ocean vessel, the company said yesterday.

Hanna, which has interests in iron ore, nickel, bauxite and coal, said early last year that it expected full-year profits for 1981 to be lower than in the previous 12 months, and the company has clearly suffered something of a setback at the operating level.

Fourth quarter net profits came out at $4.2m or 47 cents a share, against $12.45m or $1.39m a share in the comparable three months. Sales dipped 29 per cent to $62.32m.

SEEKO, GRIFFIN AND HAOMA GOLD REORGANISATION

Shareholders of Seeko Industries, Griffin Coal Mining and Haoma Gold Mines are being asked to approve proposals for the reorganisation of the group that will leave it better placed to expand as a powerful Western Australian energy and mining group.

Under the proposals, foreshadowed at the Seeko annual meeting in December, Seeko will acquire a further 1.78m shares in Griffin, including those held by Haoma, change its name to Griffin Holdings, and sell to Griffin Coal its holding of 6m shares and 2m options in Haoma.

The effects of the proposals, which will be voted on by shareholders at extraordinary general meetings called for late-February and early-March, will be to provide funds for Haoma (which will be renamed Haoma North West, following its successful merger offer for North West Mining); give Seeko a majority holding in Griffin Coal; and leave Griffin Coal *with around 48* per cent of Haoma North West, which in turn would own more than 49 per cent of Strata Oil.

Seeko would then continue to operate as an investment company, with clearly established control of the Griffin group. Griffin, in turn, would become a broadly based mining house specialising in energy production.

With its Collie coalfields and Woodada oil and gas field interests, Griffin would become the only Western Australian owned and based company with both large coal and potentially large gas, or oil and gas, reserves in the state. It would also achieve a greater diversification of income for its future, in that it would control an active coal, base metal and gold exploration programme in Australia and oil and gas interests overseas.

APPOINTMENTS

Managing director for Hepworth (Retail)

Mr R. T. S. Russell, assistant managing director of HEPWORTH (RETAIL), has been appointed managing director. He succeeds Mr Alex Pirie and Mr William Beasley, joint managing directors, who have retired.

★

Mr Walter Telfer has been appointed to the board of LOW AND BONAR as finance director.

★

As part of the re-organisation of the BACOL subsidiaries of Metalrax Group, Birmingham, Mr John Lycett becomes a director of Bacol Industries. Mr Frank Moody and Mr Brian Jeffries have been appointed to the board of Bacol Fine Blanking and Mr Ernst Aris and Mr Ray Short become directors of Bacol Cylinders. Mr Walter Farren remains managing director of all three companies.

Mr Edward Barber has now retired as a director of Bacol and becomes a consultant to that company. He remains a member of the Metalrax main board.

★

In the WELBECK GROUP Mr Ray Smith becomes sales director of Welbeck (Reinforcement) and Mr Chris Quaye has been appointed sales director of Welbeck (Steel Stockholders). Both Mr Smith and Mr Quaye were general sales managers of their respective companies.

★

Mr Edward Young has been elected chairman of the BRITISH FRANCHISE ASSOCIATION. Mr Young is chairman and managing director of the Prontaprint chain.

★

Mr Ken Ferris has been appointed as managing director of OFFICE COFFEE SERVICE AND AUTOBAR FRESHBREW. He was previously director and general manager of OCS. Mr Sandy Couper has been promoted from director and general manager to managing director of Aimers (Scotland). Mr James Mann, previously with Watney Mann and Truman as national brands manager, has been appointed marketing director of Autobar Vending Supplies. The companies are members of the Autobar group.

★

MASSEY - FERGUSON has appointed Mr A. F. Dawe as director communications, east. He was formerly director public affairs for Massey-Ferguson (UK) and will continue to operate from the UK base of Massey-Ferguson at Coventry, but will report to the company's head office in Toronto. He is succeeded by Mr Sandy Erskine, who has been press relations and editorial services manager with Perkins Engines at Peterborough—also a member of the Massey-Ferguson organisation.

★

Mr Ken Andrew, formerly manager of Charing Cross branch, has been appointed marketing manager, planning and marketing, in NATIONAL WESTMINSTER BANK'S domestic banking division.

★

CENTURYAN SECURITY has appointed Mr Alan Begg as regional director for the London area.

★

Appointed as director of purchasing for UNIPART is Mr Alan Beswick.

★

Mr Michael Caley has been appointed to the board of LOWNDES LAMBERT GROUP.

★

Mr P. J. Mortlock has been appointed a director of NELSON HURST AND MARSH (HOLDINGS).

★

Mr Philip G. Ratcliff has been appointed managing director of UTP PACKAGING COMPANY, Saffron Walden, a Bunzl company. He was previously a director of Charles Letts Scotland. He succeeds Mr Sidney A. Bailey, who founded UTP 23 years ago. Mr Bailey will continue as chairman of the company.

★

Mr A. S. Burgess previously managing director of LEE BEESLEY has been made deputy chairman. Mr P. D. Tomkins formerly director of the south-west division has been appointed joint managing director. Mr A. G. Carter has been appointed managing director of Twyver Switchgear, the group's manufacturing division, and succeeds Mr B. P. Forshaw who has left the company. Mr P. C. Warren joins the company from Consolidated Engineering Company, has been appointed divisional director for the south-west and will be based at Bristol.

★

KIRBY-WARRICK PHARMACEUTICALS, Mildenhall, subsidiary of the Schering Corporation, U.S., has appointed Mr Max Unternährer as managing director. He joins Kirby-Warrick from the Corporation's Austrian subsidiary where he was general manager.

★

SMARTS LAUNDRIES GROUP has appointed Mr Donald Sykes as group director for the south-west region.

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CURRENCIES, MONEY and GOLD

Dollar falls

Dollar showed a slightly easier trend for most of the day influenced by lower Eurodollar interest rates, and fell sharply in late trading on reports, which were later denied, that the U.S. Administration intends to take action in the next two or three weeks to bring down interest rates.

Sterling was quite firm, but lost some of its recent gains against Continental currencies.

There was little change within the European Monetary System, although the Irish punt continued to improve.

DOLLAR — Trade - weighted index (Bank of England) unchanged at 111.4 against 114.9 six months ago. Three month Treasury bills 13.64 per cent (15.58 per cent six months ago). Annual inflation rate 8.9 per cent (9.6 per cent previous month)—The dollar fell to DM 2.3425 from DM 2.3590 against the D-mark; to FFr 5.9525 from FFr 6.0075 against the French franc; to SwFr 1.8815 from SwFr 1.8950 in terms of the Swiss franc; and to Y233.25 from Y234.60 against the yen.

STERLING — Trade-weighted index 91.7 against 91.9 at noon, 92.0 at the opening, 91.8 at the previous close, and 91.4 six months ago. Three-month interbank 14 11/16 per cent (14 11/16 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—The pound opened at $1.8650-1.8660 and fell to a low of $1.8600-1.8610 in the afternoon, before rising on the weakness of the dollar to a peak of $1.8710-1.8720, before closing at $1.8690-1.8710, a rise of 1 cent on the day. Sterling fell to DM 4.3775 from DM 4.3875; to FFr 11.0950 from FFr 11.17; to SwFr 3.5150 from SwFr 3.5250; and to Y435.50 from Y436.50.

D-MARK — EMS member (second weakest). Trade-weighted index 121.3 against 121.4 on Wednesday and 115.6 six months ago. Three-month interbank 10.225 per cent (12.975 per cent six months ago). Annual inflation 6.2 per cent (6.3 per cent previous month)—The D-mark rose against most members of the EMS at the Frankfurt fixing, losing ground to only the Irish punt. It was unchanged at DM 39.3250 per 100 francs against the French franc. There was no indication of intervention by the Bundesbank in the open market, and the German authorities did not intervene when the dollar rose to DM 2.3502 from DM 2.3440 at the fixing. There was no clear trend, with dealers waiting for Friday's U.S. money supply figures.

ITALIAN LIRA — EMS member (third weakest). Trade weighted index unchanged at 55.1 against 57.4 six months ago. Three-month interbank 21 5/16 per cent (31¾ per cent six months ago). Annual inflation 17.9 per cent (18.2 per cent previous month)—The lira improved against two members of the EMS at the Milan fixing, was unchanged against two, and weakened against the same number. The dollar rose to L1,255.55 from L1,254.55, but sterling fell to L2,344.50 from L2,346.10, while the Swiss franc rose to L667.02 from L666.75.

JAPANESE YEN — Trade-weighted index 138.7 against 138.6 on Wednesday and 134.6 six months ago. Three-month bills 6.59375 per cent (7.53125 per cent six months ago). Annual inflation 4.3 per cent (3.6 per cent previous month)—The yen weakened against the dollar in quiet Tokyo trading. The U.S. currency rose to Y234.60 from Y233.075, after opening at Y234.30 and touching a peak of Y234.70. There may have been some intervention by the Bank of Japan to support the yen, which is also expected to lose ground to European currencies in the near future. High interest rates in Frankfurt, Zurich and London, compared with Tokyo, seem likely to increase demand for the D-mark, Swiss franc and sterling despite the strength of the Japanese economy.

THE POUND SPOT AND FORWARD

Feb 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8600-1.8720	1.8690-1.8710	0.15-0.25c dis	−1.28	0.58-0.68dis	−1.35
Canada	2.2450-2.2540	2.2510-2.2530	0.12-0.22c dis	−0.90	0.55-0.70dis	−1.11
Nethlnd.	4.78-4.83	4.78½-4.80½	1¾-1¼c pm	3.75	5¼-4¾ pm	4.07
Belgium	74.20-74.90	74.30-74.50	10-30c dis	−3.22	55-75 dis	−3.49
Denmark	14.29-14.39	14.29-14.31	1½-2½ore dis	−1.68	5¾-6¾ dis	−1.68
Ireland	1.2375-1.2455	1.2400-1.2420	0.28-0.40p dis	−3.29	1.05-1.19dis	−3.61
W. Ger.	4.37-4.41	4.37¾-4.38¾	1¾-1¼pf pm	3.77	4¾-4¼ pm	4.00
Portugal	127.25-128.25	127.75-128.00	45-170c dis	−10.09	155-425 dis	−9.07
Spain	185.25-186.50	186.10-186.30	10-35c dis	−1.45	70-105 dis	−1.88
Italy	2,342-2,351	2,348½-2,349½	12-15 lire dis	−6.90	45½-49½ dis	−8.09
Norway	11.02-11.08	11.02½-11.04½	¾ore pm-¾ dis	0.27	¼ pm-1 dis	−0.13
France	11.08-11.16	11.09½-11.10½	½-1½c dis	−1.08	3¾-4¾ dis	−1.36
Sweden	10.65-10.70	10.66-10.67	1¼ore pm-¾ dis	0.28	4½-3¾ pm	1.36
Japan	434-441	435-436	2.90-2.55y pm	7.51	8.85-8.55 pm	7.98
Austria	30.65-30.85	30.80-30.85	14½-11½gro pm	5.01	39-32½ pm	4.64
Switz.	3.50-3.55	3.51-3.52	2-1½c pm	5.97	6½-5 pm	5.90

Belgian rate is for convertible francs. Financial franc 83.25-83.35. Six-month forward dollar 1.10-1.20c dis, 12-month 1.80-2.00c dis.

THE DOLLAR SPOT AND FORWARD

Feb 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8600-1.8720	1.8690-1.8710	0.15-0.25c dis	−1.28	0.58-0.68dis	−1.35
Ireland†	1.4970-1.5100	1.5050-1.5100	0.35-0.25c pm	2.39	1.00-0.90 pm	2.52
Canada	1.2045-1.2060	1.2045-1.2050	0.02c pm-0.01 dis	0.08	0.05-0.01 pm	0.10
Nethlnd.	2.5550-2.5830	2.5650-2.5680	1.15-1.05c pm	5.12	3.57-3.47 pm	5.48
Belgium	39.82-40.10	39.82-39.84	par-3c dis	−0.45	18-22 dis	−2.00
Denmark	7.6300-7.6975	7.6300-7.6500	0.50-0.70ore dis	−0.93	1.00-1.40dis	−0.62
W. Ger.	2.3380-2.3580	2.3420-2.3430	1.02-0.97pf pm	5.10	3.18-3.13 pm	5.38
Portugal	68.35-68.65	68.40-68.60	20-80c dis	−8.76	60-200 dis	−7.55
Spain	99.40-99.65	99.60-99.65	5c pm-5 dis	—	5-20 dis	−0.50
Italy	1,252-1,259	1,252-1,254	5¾-6½ lire dis	−5.84	20-22 dis	−5.67
Norway	5.9000-5.9360	5.9000-5.9100	1.00-0.70ore pm	1.72	2.00-1.70 pm	1.25
France	5.9400-5.9975	5.9500-5.9550	0.25-0.10c pm	0.35	0.15 pm-0.15dis	—
Sweden	5.7000-5.7370	5.7000-5.7200	0.80-0.45ore pm	1.10	3.70-3.55 pm	2.52
Japan	232.75-235.00	233.20-233.30	1.80-1.65y pm	8.87	5.50-5.35 pm	9.30
Austria	16.44-16.53	16.46-16.47	8.20-8.10gro pm	6.30	26½-23½ pm	6.07
Switz.	1.8775-1.8950	1.8810-1.8820	1.20-1.10c pm	7.33	3.40-3.30 pm	7.12

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 4	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.7	−32.3
U.S. dollar	111.4	+4.1
Canadian dollar	88.5	−17.1
Austrian schilling	116.1	+24.1
Belgian franc	104.2	+7.2
Danish kroner	85.8	−11.4
Deutsche mark	121.3	+42.8
Swiss franc	161.7	+104.5
Guilder	113.9	+19.1
French franc	72.8	−14.6
Lira	55.1	−57.8
Yen	138.7	+32.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.608891	0.558037
U.S. $	12	1.13893	1.04745
Canadian $	14.59	1.37492	1.26092
Austria Sch.	5¾	18.7240	17.2200
Belgian F.	14	45.5202	41.7303
Danish Kr.	11	8.74357	8.01762
D mark	7½	2.66965	2.44841
Guilder	8½	2.92648	2.68429
French Fr.	9½	6.79372	6.22406
Lira	19	1428.79	1310.88
Yen	5½	265.485	244.065
Norwgn. Kr.	9	6.74247	6.20134
Spanish Pts.	8	112.779	103.750
Swedish Kr.	11	6.50215	5.96751
Swiss Fr.	6	2.14062	1.96527
Greek Dr'ch.	20½	—	65.3077

OTHER CURRENCIES

Feb. 4	£	$		£ Note Rates
Argentina Peso	18,876-18,896†	10,000-10,050†	Austria	30.60-30.90
Australia Dollar	1.7045-1.7065	0.9145-0.9150	Belgium	83-84
Brazil Cruzeiro	249.47-250.47	133.77-134.44	Denmark	14.31-14.45
Finland Markka	8.364-8.387	4.4790-4.4810	France	11.15-11.29
Greek Drachma	110.475-113.827	60.40-60.60	Germany	4.37-4.41
Hong Kong Dollar	10.87¼-10.88¼	5.8450-5.8500	Italy	2345-2405
Iran Rial	151.00*	80.00*	Japan	438-443
Kuwait Dinar (KD)	0.598-0.534	0.2847-0.2849	Netherlands	4.80-4.84
Luxembourg Fr.	74.30-74.50	39.82-39.84	Norway	11.04-11.14
Malaysia Dollar	4.2730-4.2830	2.2975-2.2995	Portugal	125½-132
New Zealand Dlr.	2.3320-2.3360	1.2510-1.2520	Spain	188¼-196½
Saudi Arab. Riyal	6.35-6.41	3.4195-3.4915	Sweden	10.65-10.75
Singapore Dollar	3.90-3.91	2.0970-2.0990	Switzerland	3.51-3.55
Sth. African Rand	1.8280-1.8316	0.9775-0.9785	United States	1.85½-1.87½
U.A.E. Dirham	6.82-6.88	3.6710-3.6730	Yugoslavia	98-103

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.7047	+2.32	+1.17	±1.5368
Danish Krone	7.91117	8.01362	+1.29	+0.14	±1.6412
German D-Mark	2.40989	2.44960	+1.65	+0.50	±1.1077
French Franc	6.17443	6.22811	+0.87	−0.28	±1.3733
Dutch Guilder	2.66382	2.68488	+0.79	−0.36	±1.5063
Irish Punt	0.684452	0.693574	+1.33	+0.19	±1.6688
Italian Lira	1300.67	1309.13	+0.65	+0.31	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for February 4 .... 0.558656

EXCHANGE CROSS RATES

Feb. 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.870	4.378	435.5	11.095	3.515	4.796	2346.	2.252	74.40
U.S. Dollar	0.535	1.	2.341	232.9	5.933	1.880	2.564	1255.	1.204	39.79
Deutschemark	0.228	0.427	1.	99.49	2.535	0.803	1.095	536.3	0.514	17.00
Japanese Yen 1,000	2.296	4.294	10.05	1000.	25.48	8.071	11.01	5390.	5.171	170.8
French Franc 10	0.901	1.685	3.945	392.5	10.	3.168	4.322	2116.	2.030	67.06
Swiss Franc	0.284	0.532	1.245	123.9	3.156	1.	1.364	667.9	0.641	21.17
Dutch Guilder	0.209	0.390	0.913	90.82	2.314	0.733	1.	489.6	0.470	15.52
Italian Lira 1,000	0.426	0.797	1.865	185.6	4.728	1.497	2.043	1000.	0.959	31.69
Canadian Dollar	0.444	0.830	1.944	193.4	4.927	1.561	2.129	1042.	1.	33.04
Belgian Franc 100	1.344	2.513	5.884	585.3	14.91	4.724	5.445	3155.	3.027	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 4)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 3/4	offer 15 7/8	bid 15 3/4	offer 16 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅝-14½	16⅛-15⅝	14-16	10⅛-10¼	4-4½	9⅞-10	14¾-15¼	18-20	13-15	5⅛-5¾
7 days' notice	14⅝-14½	15⅝-15⅝	14-16	10⅛-10¼	[illegible]	9 15/16-10 1/16	14⅞-15¼	19⅞-21⅞	14-15	5⅝-5⅞
Month	14 1/16-14 3/16	15 1/16-15 3/16	15⅝-16¾	10⅛-10¼	7 1/16-7 3/16	10⅛-10¼	15-15½	[illegible]	16½-17¾	6-6⅛
Three months	14½-14⅝	15⅛-15¾	15⅛-15⅞	10⅛-10¼	8 3/16-8 7/16	10⅛-10¼	15⅝-15⅞	[illegible]	17¼-18¼	6 3/16-6 7/16
Six months	14½-14⅝	16¼-15¾	16⅝-16	10⅛-10¼	[illegible]	10⅛-10¼	16⅝-15⅞	[illegible]	17½-18½	5⅛-5⅝
One Year	14⅝-14¾	15 13/16-15 15/16	16⅛-16⅛	10¼-10⅛	8⅛-8¼	10⅛-10¼	16⅞-17⅛	23-24	18-19	6 11/16-6 13/16

SDR linked deposits: one month 13⅛-13½ per cent; three months 13 9/16-13 11/16 per cent; six months 13 7/16-13 11/16 per cent; one year 13½-13⅞ per cent.

ECU linked deposits: one month 13 7/16-13 11/16 per cent; three months 13⅞-14⅛ per cent; six months 14-14⅛ per cent; one year 14-14⅛ per cent.

Asian $ (closing rates in Singapore): one month 15⅝-15¾ per cent; three months 15¾-15⅞ per cent; six months 15¾-15⅞ per cent; one year 15 13/16-15 15/16 per cent. Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 16-16½ per cent; four years 16-16¼ per cent; five years 16⅛-16⅜ per cent nominal closing rates.

The following rates were quoted for London dollar certificates of deposit: one month 15.25-15.35 per cent; three months 15.40-15.50 per cent; six months 15.50-15.60 per cent; one year 15.55-15.65 per cent.

MONEY MARKETS

Revised shortage

London clearing bank base lending rates 14 per cent (since January 25)

Funds were in short supply in the London money market yesterday and the Bank of England gave assistance by buying £262m of bills. In the morning the authorities suggested that the shortage would be in the region of £200m, but this was revised to £300m at noon. The major factors were: bills maturing in official hands and a net market take-up of Treasury bills −£325m, partly offset by Exchequer transactions of +£85m.

Help of £145m was provided before lunch when the Bank of England bought £2m bank bills in band 1 (up to 14 days maturity) at 13⅞ per cent; £5m Treasury bills in band 2 (15-33 days) at 13 13/16 per cent; £72m bank bills in band 2 at 13 13/16 per cent; £40m bank bills in band 3 (34-63 days) at 13¾ per cent; and £26m bank bills in band 4 (64-84 days) at 13¾ per cent.

Further assistance of £117m was given in the afternoon by purchases of £2m Treasury bills in band 1 at 13⅞ per cent; £40m bank bills in band 2 at 13 13/16 per cent; £8m local authority bills in band 3 at 13¾ per cent; £59m bank bills in band 3 at 13¾ per cent; and £8m bank bills in band 4 at 13¾ per cent.

Short-term interest rates showed little change, although interbank overnight money fell sharply to 10 per cent at the close after trading within a range of 14½-14⅝ per cent for most of the day. Three-month funds were unchanged at 14½-14⅝ per cent, and seven-day were slightly firmer at 14 7/16-14⅝ per cent, compared with 14⅜-14 7/16 per cent.

In Paris the Bank of France offered further help to the money market through purchases of about FFr 5bn of first category paper maturing on February 26 to 27 at an unchanged rate of 14¾ per cent. The intervention rate has been at that level since the end of December despite an easing of the call money rate, which fell to 14⅞ per cent yesterday, the lowest level since May last year when the election of President Mitterand led to pressure on the franc and an increase in short-term interest rates. Call money fell to 15⅛ per cent from 15¼ per cent on Wednesday. The Bank of France also announced that it will auction FFr 3bn of 12-month Treasury bills and FFr 700m of 18-month bills today.

In Frankfurt call money was little changed at around 10 per cent, the same level as the special Lombard rate. Period rates were also steady.

MONEY RATES

NEW YORK

Prime rate	16½-16½
Fed. funds	15⅛-15½
Treasury bills (13-week)	13.64
Treasury bills (26-week)	13.84

GERMANY

Special Lombard	10.50
Overnight rate	10.00
One month	9.70
Three months	10.225
Six months	10.225

FRANCE

Intervention rate	14.75
Overnight rate	14.875
One month	15.0625
Three months	15.1875
Six months	15.1875

JAPAN

Discount rate	5.50
Call (unconditional)	6.71875
Bill discount (three-month)	6.59375

LONDON MONEY RATES

Feb. 4 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-14⅝	14¼	—	—	14¼-14⅝	13-14¼	—	—	—
[illegible]										

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. [illegible]

Finance House Base Rates (published by the Finance Houses Association) [illegible]

GOLD

Firmer tendency

Gold rose $6¼ to $384-385 in the London bullion market. Trading was very active with the metal opening at $379-380, the lowest level of the day, and rising to a peak of $385-386. It was fixed at $383.75 in the morning and the same in the afternoon. Demand for gold was prompted by the weakening of the dollar and doubts about interest rate trends in the U.S.

In Paris the 12½-kilo gold bar was fixed at FFr 72,800 per kilo ($378.99 per ounce) in the afternoon, compared with FFr 72,800 ($378.33) in the morning, and FFr 74,400 ($372.50) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 29,170 per kilo ($385.76 per ounce) against DM 28,730 ($380.98) previously, and closed at $383¼-384¼, compared with $378¼-379¼.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $384.20 per ounce, against $379.25.

In Zurich gold finished at $383-386, compared with $377-$380.

	Feb. 4		Feb. 3	
Gold Bullion (fine ounce)				
Close	$384-385	(£205-205½)	$377¾-378¾	(£202¾-203¼)
Opening	$379-380	(£203-203½)	$378-379	(£202¼-203¾)
Morning fixing	$383.75	(£205.489)	$378.75	(£202.779)
Afternoon fixing	$383.75	(£205.874)	$378	(£202.899)
Gold Coins				
Krugerrand	$397-398	(£212½-213)	$390-391	(£209¾-210¼)
1/2 Krugerrand	$204½-205¼	(£102¼-109¾)	$201-202	(£108-108½)
1/4 Krugerrand	$104-105	(£55¾-56¼)	$102¼-103¼	(£55-55½)
1/10 Krugerrand	$42½-43½	(£22¾-23¼)	$41¾-42¾	(£22½-23)
Mapleleaf	$397½-398½	(£210-210½)	$390-391	(£209¾-210¼)
New Sovereigns	$94½-95	(£50-50½)	$92¾-93¼	(£49¾-50¼)
King Sovereigns	$109-110	(£58½-59)	$108-109	(£58-58½)
Victoria Sovs.	$109-110	(£58½-59)	$108-109	(£58-58½)
French 20s	$92-102	(£49¼-54¼)	$90-100	(£48½-53¾)
50 pesos Mexico	$477-481	(£255¼-257¼)	$468-471	(£251¼-253¼)
100 Cor. Austria	$376-378	(£200½-200¼)	$368-370	(£198-199)
$20 Eagles	$510-514	(£272¾-275)	$508-513	(£273¼-275¾)

Argentinian paper group seeks creditors' meeting

BY JIMMY BURNS IN BUENOS AIRES

A COURT application for a creditors' meeting has been made by Celulosa Argentina, the privately owned Argentinian pulp and paper manufacturer, with outstanding debts estimated at almost US$410m.

Celulosa has five plants distributed around the country, two of them in Buenos Aires, and over 21,000 hectares of forest. It is the leading company in the sector and one of the biggest companies in Argentina so far in the current recession to institute such proceedings.

Its main foreign creditors are led by Orion, the London-based consortium bank owned by the Royal Bank of Canada, and include European Banking, Credit Suisse, and the Meridien Corporation of the UK. Local creditors are led by the Banco Nacional de Desarrollo — the state-owned development bank —the Banco de la Provincia de Misiones, El Banco de Ulramar, and Banco Austral.

The judge handling the case is yet to reveal the details of Celulosa's application. However, banking sources estimate Celulosa's outstanding debts to be in the region of $410m, of which over $90m is owed to foreign creditors.

Under existing Argentine law, Celulosa's application means the antomatic suspension of all outstanding payments to the company's outstanding creditors, and that no creditor can file a bankruptcy suit once such an application has been received by the judge.

Celulosa's application follows more than s week of intense negotiations in London and Buenos Aires involving the company, government officials and creditors, amid suggestions that one foreign institution was preparing to file a bankruptcy suit.

The group has been in financial difficulties for over two years, obtaining working capital almost exclusively from loans guaranteed by the Argentine Government. Its crisis is proving a test case for Sr Roberto Alemann, the new Economy Minister. He has made non-interventionism one of the linch pins of his economic policy and is refusing to approve gaurantees or loans to companies in difficulties.

Celulosa has blamed its problems on low tariff protection

The application to the court follows the apparent refusal of the Banco de Desarrollo, under instructions from the Economy Ministry, to provide a U.S.$130m bridging loan to ease short-term debt. Earlier this year Celulosa obtained U.S.$6.7m from the Banco de Desarrollo to pay interest due to its foreign creditors.

Banking sources believe that it will be difficult to reach agreement on a restructuring plan unless the Government amends its current policy.

Celulosa is one of a number of Argentinian companies being hit by the current recession. The signs of the current crisis came in 1980 with the bankruptcy of the Banco de Intercambio Regional, one of the fastest growing financial institutions, and of Sasetru, a billion dollar industrial and financial conglomerate.

Another Eurobond for GMAC

BY ALAN FRIEDMAN

GENERAL MOTORS Acceptance Corporation (GMAC) last night launched a $400m 10-yesr zero coupon offer through Salomon Brothers. The issue is priced at 23.75 per cent to *yield 14.50 per cent* and is the second GMAC issue this week. It is still offering $150m of six-year 16 per cent paper which is not selling very well.

It is also the third zero coupon bond offer from GMAC in three weeks. The borrower last month offered $250m and $150m of zero coupon bonds.

Credit National, the French state financing agency, is coming to the Eurodollar market today with a $200m 12-year floating rate note offer, the second from a French borrower this week.

The Credit National paper will carry a spread of ¼ per cent above the mean of the six-montb London interbank hid *and offered rates.* The notes will also allow the holder to redeem them at eight or 10 years.

The lead managers are Parlbas, Salomon Brothers, Banqne Nationale de Paris and Goldman Sachs. The borrower will pay a 1½ per cent commission.

The Credit National notes carry a lower spread than the $250m of 13-year Societe Generale FRN issue launched by Samuel Montague. But investor interest in the Credit National paper should be reasonably strong, especially as the market is currently uncertain about the direction of interest rates.

In the secondary market, Eurodollar bond prices gained by ⅛ of a point to ¼ of a point on the day. The U.S. Treasury auction appears to have left the Eurodollar market unmoved and all eyes will be on today's M-1B money supply figures.

Among the zero coupon bonds, R. J. Reynolds was one of the worst performers yesterday, trading at around 23⅜ against an issue price of 25½. In the grey market, the Pepsico paper was quoted at 18½ to 19 against 20.75.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adeqnate secondary market exists. *For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday Fsbruary 16.* Closing prices on February 4

U.S. DOLLAR STRAIGHTS

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
M. Sk. Onmk. $ 91 EUA	25	84¼	86¾	+0½	+0¼	11.53
SOFTE 8¾ 89 EUA	......	40 77¾	79	−0½	−0¼	13.05
[illegible]						

FLOATING RATE NOTES

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

DEUTSCHE MARK STRAIGHTS

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

Sharp fall in profit at Dow Chemical

By Our New York Staff

DOW CHEMICAL, the large U.S. chemicals and oil company, suffered a severe drop in earnings last year because of what it called "the most serious global recession in many years for our industry."

Profits for the year as a whole were down 30 per cent, including a fall of more than two thirds in the final quarter, for which figures were also released yesterday.

Mr Paul Oreffice, president and chief executive, said "Our earnings in the fourth quorter suffered from the combined effect of reduced operating rates and lower prices. This was particularly true among our high volume plastics such as polyethylene and polystyrene. But he sdded that Dow's emphasis on other lines of business, such as oil servicing and consumer goods, was doing well.

Dow' net income for 1981 was $563.5m, or $3 a share, down from $805m, or $4.42 in 1980. In the final quarter net profit was down to $66.5m, or 35 cents a share, from $242m, or $1.33. Revenue for the ful! yeor was $11.9bn, up from $10.6bn in 1980 after $2.99bn against $2.77bn in the final quarter.

The annual profit for 1981 would have heen even lower but for a $101m gain from a change in accounting for stocks, while in 1980 there was a gain of $73.7m from the sale of oil and gas properties. Currency translations added $5.9m last year compared with $17m ln 1980.

Itel creditors agree to debt plan

By Our New York Staff

ITEL, the bankrupt San Francisco-based compnter leasing company, yesterday announced that its unsecured creditors had agreed to accept payment in the form of $654m of debt securities, preferred stock and cash, plus 79 per cent of the common stock in the company when it is reorganised.

Itel said its owes unsecured creditors about $900m. But many other creditors have filed lawsuits to try to recover payment from Itel. The agreement with unsecured creditors was foreshadowed last month.

Itel filed for bankruptcy last year after it plled up huge losses resulting from the collapse of its computer leasing business. The company had failed to anticipate the pace of technological change which left mnch of its equipment obsolete.

After 79 per cent of the common stock has been distributed, the remaining 21 per cent will be available for existing shareholders and for use as management incentives.

CGE boosts sales by 23%

COMPAGNIE Générale d'Electricité (CGE) the French electrical group, showed higher profits and a 23 per cent increase in turnover last year, its last before nationalisation.

M Ambroise Roux, the ontgoing chairman, said that consolidated results were well up on 1980's group net earnings of FFr 556m ($93m). Of the FFr 56.3bn sales total, turnover ontside France soared by 36 per cent to FFr 19.2bn. Acquisitions brought in FFr 5bn of sales

Although a strong opponent of the nationalisation programme, M Roux said that people who expected foreign orders to be damaged by the prospect of state takeover had heen proved wrong.

Mobil puts $575m more into Montgomery Ward

BY PAUL BETTS IN NEW YORK

MOBIL, the second largest U.S. oil company, is continuing to pump in money to support its ailing Montgomery Ward retailing subsidiary.

The oil company has granted the Chicago-based retailer $575m in equity contributions to help improve Montgomery Ward's balance sheet.

The latest aid package from the oil company includes the conversion to equity of all the non-interest bearing subordinated loans that Mobil previously granted Montgomery Ward, totalling $355m, additional equity contributions of $220m and additional equity depending on 1982 and 1983 operating results.

Mobil has owned Montgomery Ward for the past eight years. The retailing subsidiary has become increasingly troublesome for the oil company, running up losses of $160m on revenues of $5.74bn last year compared with losses of $162m on revenues of $5.5bn in 1980.

Mr Gordon Worley, executive vice president for finance of the retailer, said: "This action on the part of our parent improves our balance sheet and will definitely help us in our turnaround efforts."

The move clearly reduces Montgomery Ward's debt burden. In turn, this will increase the company's asset valne, s move some analysts suggest would help Mobil should the oil company decide eventually to sell the retailer.

The latest move by Mobil is also regarded as an effort to improve Montgomery Ward's debt standing in the markets. Standard and Poor's, the New York ratings agency, has already lowered Ward's senior long-term debt rating because of the company's continuing net losses and "uncertainty of returning to profitability in the near future."

Montgomery Ward has during the last 12 months made some significant policy changes, including the closure of stores and the conversion of 114 stores into self-service discount stores to reduce operating costs.

Chemical Bank plan hits snag

BY DAVID LASCELLES IN NEW YORK

CHEMICAL BANK, the large New York hank, has encountered an obstacle in its bid for a stake in Florida National Bank, which has assets of $2.5bn. The deal is significant less for its size than for what it says about U.S. hanks' efforts to merge across state lines, something currently barred by law.

Chemical was negotiating to buy 4.9 per cent of Florida Nstional, the maximum currently allowed, but with provision to buy s majority stake if inter-state hanking is permitted, a move which is likely some time this decade.

The deal, however, hinged on Chemical being able to persuade a Venezuelan company, C.A. Cavendes, to part with its 10 per cent stake and its option to buy another 23 per cent of Florida National.

But Chemical appears to have been pipped at the post by Southeast Banking, the largest bank in Florids with assets of around $8bn, which has resched agreement with Cavendes to buy its stock for $86m. The deal includes provision to sell Florida Nationsl's Miami business, in which Cavendes is specially interested, to the Venezuelan company.

Chemical bsd no immediate comment on these developments yesterday. It has not disclosed the terms it was offering to Cavendes.

Southeast and Florida National would technically be freer to merge than Chemical would. However, any link would have to be approved by the U.S. hanking authorities.

● Chemical, meanwhile, is to incorporate a subsidiary, Chemical Bank AG, under West German law this month. The aetting up of a German nnit, with capital stock of DM 70m ($29.7m), will permit Chemical to make its German operations more efficient and to serve a somewhat wider range of customers.

Chemical's branch office, which had a 1980 business volume of DM 1.66bn, will remain in operation. Chemical will be the third U.S. bank after Citibank and Chase Manhattan to incorporste under German Law, AP-DJ reports from Frankfurt.

Greyhound lifted by food sector

BY OUR NEW YORK STAFF

GREYHOUND, the U.S. bus line and consumer products group, achieved a 17 per cent increase in net pro6t on lower sales last year, in part because of a return to the black of its food operations.

Year-end profit was $138.2m, or $3.06 a share, on sales $4.72bn, against $118.3m, or $2.67 a share on $4.78bn in 1980. The 1981 net included a gain of $8.1m from the settlement of a court case.

Fourth-quarter income fell, however, to $32.6m, or 71 cents a share, on sales of $1.2bn, from $33.2m, or 75 cents, on $1.3bn in 1980.

Greybound's food gronp bad reported a steep loss in 1980, mainly because of processed meat operations, but achieved a $15.4m turnround in 1981.

Within the food group, poultry operations resulted in a loss, so Greyhound is seeking s buyer for them.

The transportation division reported an 8 per cent dip in net earnings although fare increases partially offset a decline in the bus system's passenger-miles. Airport, sightseeing and charter operations, were affected by a softening of the leisure market.

Bus manufacturing operations lifted earnings 46 per cent and a doubling of production capacity is nearly completed.

Food services, such ss Greybound restaurants and contract catering, achieved a 50 per cent increase in profits from 1980's depressed levels.

Greyhound's service group, whose activities include car rentals duty-free shops, convention and aircraft services, reported a 41 per cent drop in earnings. Despite its beavy reliance on the depressed tourist industry, most of the unit's activities were in the black.

Chilean bank seeks $100m Eurocredit

By Our Euromarkets Staff

THE Banco del Estado, Chile's state-owned bank, has awarded the mandate to raise $100m through an eight-year credit to s group of 10 banks. The banks are Banque Europeenne de Credit, Crocker National Bank, First Chicago Panama, First Interstate Bank, Mitsubishi Bank, Mitsui Bank, Mitsui Trust and Banking Company Limited, Orion Royal Bank, Tokai Bank and Wells Fargo Bank. The terms should demonstrate that the borrower is willing to pay more as rates in Latin America move upward.

The terma — ⅞ per cent above the London interbank offered raté (Libor) for the first four years and 1 per cent above Libor thereafter — demonstrate that the borrower ia willing to pay more as rates in Latin America move upward. But some hankers are not sure whether the margins will be sufficient.

The credit, which will be divided into 10 equal underwriting portions, also provides a prime rate option of ¾ per cent above the prime for the first four years and ⅞ per cent thereafter. The prime tranche will be limited to 40 per cent.

French building concern buys insurance stake

BY TERRY DODSWORTH IN PARIS

BOUYGUES, the fast-expanding French construction group, has launched a major diversification bid with the acquisition of 66 per cent of Groupe Drouot, France's seventh largest insurance company.

The desl, arranged by Banque Privee de Gestion Financiere, the Paris merchant bank which haa heen behind aome of the higgest recent takeover manoeuvres in France, will cost Bouygues about FFr 280m ($46.7m). Minority shareholders are being offered the FFr 691 a share already accepted by the Drouot management for the majority stake.

Drouot had a consolidated turnover, calculated on net paid-in premiums, of FFr 4.7bn lsst year. It is involved in accident, fire snd miscellaneous risk insurance, as well as life insurance through its La Vie Nouvelle subsidiary. About a quarter of its activity is overseas, through subsidiaries in Belgium, the UK, Spain, Luxembourg and the Ivory Coast.

Pitney Bowes lower

BY OUR FINANCIAL STAFF

PROFIT MARGINS st Pitney Bowes, the world's largest manufacturer of postage meters, improved in the final quarter and the results for 1981 bsve come out slightly better than expected.

For the full year, net earnings were only 3.7 per cent off at $69.5m, or $3.78 a share, while sales were 12 per cent up at $1.41bn. Earlier in the year, aales beld up well despite the recession in several major world markets but high lnterest chsrges and forelgn currency translations were biting into profits.

The final quarter brought level pegging earnings of $26.8m, with sales 9.7 per cent ahead at $397m. The board commented that the comparative figures were restated to allow for a change in foreign currency accounting.

Slowdown in third quarter at McDermott

By Rodarick Oram in New York

McDERMOTT, the U.S. engineering and construction services group heavily tied to the offshore oil and gas industry, has reported a slowdown in profit growth in the third quarter, although nine-month earnings were up 126 per cent from a year earlier.

Third-quarter net income was $56m, or $1.32 a share, on revenues of $1.2bn, up 43 per cent from the $39m, or 86 cents a share on sales of $967m a year earlier.

Nine-month profit was $161.1m, or $3.76 a share, on sales of $3.5bn. This compares with $71.3m, or $1.33 a share, on sales of $2.7bn in 1980.

The company said that its fiscal 1982 performance mostly reflected higher operating income from both Marine Construction Services and Engineered Materials units.

Mr J. E. Cunningbam, chairman, said the company's order backlog remains st a bigh level.

Fiscal 1981's results have been restated because of a change in accounting practices. The company has switched to a "percentage of completion" method of income for contracts rather than taking in income as a lump sum when a contract is completed.

McDermott'a protfis began to pick up in the first half of fiscal 1981 because of a apurt in offahore drilling activity worldwide.

Analysts point out that another of the company's profit *strengths is sales of high* pressure tubing in which strong demand from the oil industry is outweighing weak demand from cars, boilers and other areas.

End of the line for Pullman carriages

By Our New York Staff

AN ERA in railway history has come to an end with the decision to abandon production of Pullman passenger railways cars.

Wheelabrstor-Frye, the pollution control equipment and synthetic fuel systems group which acquired Pullman Inc. for $500m in September 1980, said it was ending the Pullman Standard passenger railway car business it inherited when it acquired the railway engineering and process plant concern.

Pullman—a name synonymous with grand rsil travel at the turn of the century— had decided to stop making passenger railway cars in 1979 before it was acquired, and its most recent output bas been unglamorous commuter carriages. After a long review of the business, Mr Thomas Begel, president of Pullman Transportation, said Wheelabrator-Frye bad now decided not to re-enter the business.

Wheelabrator also said it had temporarily ceased production of railway freight cars. But the company, which was the last U.S.-owned maker of passenger railway cars, said it would resume production of freight cars "when market conditions warrant."

Continental Air in red

CONTINENTAL Air Lines, the 10th largest U.S. carrier, plunged deeper into ths red last year running up a loss of $60.4m compared with a loas of $20.7m in 1980. Revenues rose to $1.09bn from $992m.

The fourth quarter was slightly better than s year earlier, however, with a loss of $13.4m on sales of $289.1m, compared with a deficit of $15.1m on $222.5m.

The yar-end loss was struck after extraordinary gains totalling $41.4m from the sale of an aircraft, salea of income tax benefits and a tax credit. The per share net loss was $3.92 against $1.35 for the year and 87 cents compared with 98 cents for the quarter.

NORTH AMERICAN QUARTERLY RESULTS

BISCAYNE FEDERAL S & L

	1981-82 $	1980-81 $
Second quarter		
Revenue	54.48m	42.93m
Net profits	†9.94m	1.26m
Net per share	—	0.67
Six months		
Revenue	108.1m	91.5m
Net profits	†16.32m	14,000
Net per share	—	0.01

†Loss

COLUMBIA PICTURES INDUSTRIES

	1981-82 $	1980-81 $
Second quarter		
Revenue	206.4m	143.3m
Net profits	12.67m	9.64m
Net per share	1.52	0.94
Six months		
Revenue	377.6m	329.4m
Net profits	22.95m	26.36m
Net per share	2.78	2.58

FLEMING COMPANIES

	1981 $	1980 $
Fourth quarter		
Revenue	812.2m	781.4m
Net profits	7.64m	6.99m
Net per share	1.04	0.96
Year		
Revenue	3.4bn	3.15bn
Net profits	25.93m	23.19m
Net per share	3.55	3.20

GINO'S INC.

	1981 $	1980 $
Fourth quarter		
Revenue	76.2m	77.57m
Net profits	†289,000	591,000
Net per share	†0.10	0.23
Year		
Revenue	323.1m	320.6m
Net profits	577,000	4.4m
Net per share	0.22	1.65

†Loss

W. R. GRACE

	1981 $	1980 $
Fourth quarter		
Revenue	1.75bn	1.7bn
Net profits	51.7m	68.1m
Net per share	1.71	1.44
Year		
Revenue	6.52bn	6.13bn
Net profits	361.3m	287.4m
Net per share	7.58	6.11

HANNA MINING

	1981 $	1980 $
Fourth quarter		
Revenue	74.5m	103.8m
Net profits	4.2m	12.45m
Net per share	0.47	1.39
Year		
Revenue	371.5m	381.5m
Net profits	44.02m	38.69m
Net per share	4.94	4.34

G. HEILEMAN BREWING

	1981 $	1980 $
Fourth quarter		
Revenue	201.9m	196.4m
Net profits	7.97m	7.06m
Net per share	0.60	0.54
Year		
Revenue	931.9m	840.9m
Net profits	40.2m	34.7m
Net per share	3.05	2.65

IC INDUSTRIES

	1981 $	1980 $
Fourth quarter		
Revenue	1.09bn	1.12bn
Net profits	44.8m	44.8m
Net per share	2.33	2.40
Year		
Revenue	4.19bn	4.14bn
Net profits	134.4m	120.7m
Net per share	6.65	6.02

McGRAW-HILL

	1981 $	1980 $
Fourth quarter		
Revenue	322.9m	285.7m
Net profits	28.96m	24.83m
Net per share	1.15	1.00
Year		
Revenue	1.11bn	1.0bn
Net profits	96.12m	88.36m
Net per share	3.94	3.48

PEPSICO

	1981 $	1980 $
Fourth quarter		
Revenue	2.17bn	1.89bn
Net profits	91.4m	80.39m
Net per share	0.88	0.67
Year		
Revenue	7.03bn	5.98bn
Net profits	333.5m	273.9m
Net per share	3.61	3.01

RUSSERMAID

	1981 $	1980 $
Fourth quarter		
Revenue	90.5m	78.4m
Net profits	6.16m	4.89m
Net per share	0.90	0.64
Year		
Revenue	357.1m	308.9m
Net profits	25.6m	20.1m
Net per share	3.31	2.61

WASHINGTON POST

	1981 $	1980 $
Fourth quarter		
Revenue	218.1m	186.3m
Net profits	16.05m	15.39m
Net per share	1.28	1.10
Year		
Revenue	753.4m	659.5m
Net profits	32.71m	34.34m
Net per share	2.32	2.44

Thyssen falls into the red and halves annual payout

BY JAMES BUCHAN IN BONN

THYSSEN of West Germany, Europe's largest steel group, has fallen sharply into the red and halved its dividend for the year ended September 30, 1981.

The group was badly hit by the crisis in the European steel industry and by the effect of continuing weakness in the U.S. car market on Budd, the Detroit supplier of vehicle components which Thyssen acquired in 1978.

But Dr Dieter Spethmann, Thyssen's chief executive, reports a considerable improvement in the first three months of the current business year as higher EEC steel prices — part of the European Commission's crisis measures to combat the crisis — came into effect. The group is reasonably optimistic that it will return to profit in the current year.

Thyssen's net loss for 1980-81 amounted to DM 68m ($29m); net profits for the previous year totalled DM 117m.

World sales rose by 3.8 per cent to DM 35.3bn and by the same percentage to DM 28.2bn if transactions within the group are excluded. But the increases were almost entirely attributable to a more favourable Deutsche Mark/dollar exchange rate, the company said.

Thyssen is to pay a dividend of 4 per cent on its DM 50 shares, against 8 per cent for 1979-80, the payment to be entirely met from reserves. Investment will remain at around last year's level of DM 1.2bn this year, and Dr Spethmann confirms that the company will be seeking some DM 500m capital with a one-for-five rights issue as soon as market conditions allow.

Not surprisingly, in a group known for attacking problems with management changes, the board is to be shaken up. Among other changes Dr Klaus Kuhn, Thyssen's finance director, will leave the board in the course of this year.

The crude steel and special steels divisions, which still account for a third of group turnover, recorded losses of around DM 400m last year. Crude steel sales fell 3.4 per cent to DM 8.4bn but turnover of special steels was stable at DM 3bn.

However, in response to the steel price rises last November and the start of last month, turnover increased in the first quarter of the current fiscal year—by 18 per cent for crude steel and 4 per cent for special steels against comparable figures of the year just ended.

Dr Spethmann expects the steel division to return to profit in the last two quarters of the current year.

Serious problems continue to dog the capital goods and steel manufacturing division, though it showed a 12 per cent increase in sales to DM 9.3bn. In particular, Budd made losses of about DM 75m despite continuing efforts to diversify away from the car components business. Dr Spethmann said the company had already reduced its dependence on the motor industry from 80 per cent to 45 per cent and plans to cut it to one third.

Dr Dieter Spethmann, Thyssen's chief executive

The only bright spot last year was the steel trading and services division which increased sales by 5 per cent to DM 14.6bn with earnings relatively stable despite a weak domestic construction market. In the first quarter of the current year, turnover was up 31 per cent on the previous corresponding period.

German trades union bank draws on reserves

By Stewart Fleming in Frankfurt

WEST GERMANY'S ninth largest bank, the trade union owned Bank für Gemeinwirtschaft, is having to draw on hidden reserves to bolster 1981 earnings.

It is also calling on its trade union owners to pump in DM 110m ($46.8m) of new capital. Although the bank will declare a small profit for 1981, its pre-tax operating result, which excludes securities and trading income, slumped into the red last year.

Herr Thomas Wegscheider, joint chief executive of the bank, conceded bluntly that "the decisive factor for the operating loss was that we misjudged interest rates."

With its decision to mobilise hidden reserves to smooth earnings, BfG joins a growing list of leading German banks who have resorted to such manoeuvres in the past year, including three of the four largest—Dresdner, Commerzbank and Westdeutsche Landesbank.

BfG said that it would not be disclosing detailed earnings figures until the middle of the year. However, total consolidated assets will probably be DM56bn compared with DM 60.5bn in 1980.

The decline reflects the bank's decision to sell 50 per cent shareholding in the Allgemeine Hypothekenbank, a fast growing mortgage bank with assets of DM 8.7bn. BfG retains a 25 per cent holding. The sale of the shareholding has brought the bank a profit which it will use to improve published earnings.

Herr Wegscheider indicated that the surge in German interest rates to record levels last year had caught the bank unawares. It had entered 1981 with some DM 4.4bn of mismatched loans, longer-term fixed interest loans financed with variable interest short term deposits.

The rise in financing costs had squeezed interest earning margins from around 1.5 per cent to close to 1 per cent. By the end of the year, however, the bank was able to reduce its mismatched lending to around DM 2.8bn.

The decline in German interest rates since September has helped restore interest margins to around 1.5 per cent, and has brought investment gains. Foreign exchange earnings have also been strong.

BfG has been active in lending to Eastern Europe and is understood to have in the region of DM 780m of non - Government - guaranteed debt out to Poland, the biggest commitment of any German bank.

The bank will be making provisions against its Polish risk. Interest on Poland's rescheduled debt had not been paid for the fourth quarter but the bank expected payment this month. Even if the interest is not paid, "reserves will cover our exposure comfortably."

Bank Leu lifts profit and taps shareholders

By Our Financial Staff

BANK LEU, the Swiss bank, reports an increase in profits for 1981 and plans to raise $24.6m through a rights issue.

Profits after tax have increased by a tenth to SwFr 29.8m ($57.3m) from SwFr 27m a year ago, and the dividend is being held at SwFr 80 a share. The payment on the participation certificates is also unchanged, at SwFr 16.

The rights issue is spread over three stages, and will have the effect of increasing nominal capital to SwFr 168m from SwFr 149.2m.

The funding operation involves all classes of capital—bearer and registered shares plus participation certificates—and will be structured on a one-for-10 basis.

In addition to the three-tier capital increase Bank Leu will propose the creation of participation certificates to cover further future convertible or warrant bond issues, or to finance further investments. Shareholders will be granted preferred subscription rights.

Deutsche Babcock in U.S. deal

BY KEVIN DONE IN FRANKFURT

DEUTSCHE BABCOCK, the West German power station, mechanical angineering and plant construction group, is widening its interests in the U.S. with the acquisition of an 80 per cent stake in Kurt Orban, a medium-sized steel trading group.

Kurt Orban is based at Wayne, New Jersey, and has an annual turnover of about $200m.

Babcock has been anxious to extend its presence in foreign markets and to diversify its range of activities to compensate for the decline of the domestic market for conventional power plants, traditionally its most important market.

Over the last five years it has built up sales in North America of DM 1.2bn ($510m). Foreign sales accounted for 60 per cent of its turnover of DM 4.9bn in 1980. Group sales increased in the last financial year—to the end of September 1981—by 12 per cent to DM 5.6bn ($2.38bn).

Orders in hand at the end of September totalled DM 11.3bn, with 72 per cent of these accounted for by foreign orders.

Since 1979 Deutsche Babcock, in which Iran has a stake of about 25 per cent, has been diversifying its activities in the U.S. It has gone into trading beyond its more established activities in engineering and machinery manufacture.

In 1979 it took over Baldwin Steel, an east coast-based steel trading company, and in 1980 it set up DB Trade International to co-ordinate trading activities.

With the takeover of the privately-owned Kurt Orban, Babcock is hoping to expand its steel trading activities across the U.S. and into the Far East and South American markets.

Orban, which has trading offices in Canada, South America, Europe, Korea and Japan and in the U.S., deals chiefly in special stainless steel and steel alloy products as well as pipes for oil and gas field development.

Deflassieux takes over chair at Credit Lyonnais

BY DAVID WHITE IN PARIS

THE SOCIALIST ascendancy in France reached into the top of the banking profession with the appointment yesterday of M Jean Deflassieux as chairman of Crédit Lyonnais, second of the "big three" nationalised banks.

A party militant of long standing, but also known as a tough and cool businessman, he had already been marked down for several months as favourite.

He succeeds M Claude Pierre-Brossolette, whose friendship with ex-President Giscard d'Estaing precluded him from having his contract renewed. Misfortune seems to dog the holders of this prestige post. The man before, M Jacques Chaine, was shot dead in front of his office in 1976. The man before that, M Francois Bloch-Lainé, was dismissed two years earlier for exceeding official limits on credit growth.

In contrast to his predecessor, who was "parachuted" into the bank from the Elysée Palace, M Deflassieux has spent his whole career at Crédit Lyonnais since 1948, with the exception of a brief detachment to government service in the mid-1950s.

An athletic 56-year-old, this former London School of Economics student was up to now head of the International division, and presided over the bank's rapid overseas expansion.

At the same time, under the name Virgile Barrel — the rather preposterous pseudonym he adopted in the wartime resistance — he emerged as one of the Socialist Party's top policy-makers, backing state control of the private banking system and the establishment of a national investment bank modelled on Italy's Istituto per la Reconstruzione Industriale.

He is close to Prime Minister Pierre Mauroy, in whose cabinet one of his former Crédit Lyonnais colleagues, M. Jean Peyrelevade, is assistant director.

Strong sales boost Nokia's 1981 result

By Lance Keyworth in Helsinki

NOKIA, the big Finnish industrial group, reports a sharp increase in sales for 1981 and says prospects for the current year are good.

Net sales increased by 27 per cent to FMk 5.92bn ($1.32bn). The electronics division showed the most dramatic growth with sales rising 59 per cent to FMk 968m.

The largest division, metal and engineering, recorded an increase of 38 per cent to FMk 2.14bn. The rubber division increased net sales by 7 per cent to FMk 7.4m.

Looking ahead, Nokia said that in spite of the international economic downturn "the prospects for tha Nokia group are quite good in 1982."

At a time when much of Finnish industry is taking a cautious approach to capital investments, Nokia plans to spend around FMk 500m in 1982, within Finland.

William Hall and David Lascelles, in part of an occasional series on foreign investment in the U.S., look at a UK bank's experience

NatWest's New York headache

EARLIER THIS week, work began on National Westminster Bank's new 30-storey North American headquarters in the heart of New York's financial district.

In terms of floor space, the new building will be as large as the NatWest tower in the City of London and its construction symbolises the bank's commitment to the world's biggest banking market.

However, the rewards to date of the bank's $500m plus investment in North America have been slender, have occupied much senior management time, and provided a cautionary tale for others wanting to establish a major U.S. banking presence.

The bank has been operating in the U.S. market for more than a decade but did not make a major commitment until 1978 when it acquired the 140 branch National Bank of North America—the 40th largest U.S. bank.

In the event, NatWest paid 1.7 times book value for the National Bank of North America (NBNA), a premium which the bank says compares "satisfactorily with prices paid by other major foreign banks for significant entry into the strategically important U.S. market." Since then NBNA has put up a very mediocre performance and is a long way short of covering its financing costs.

In 1981 the net income of NBNA amounted to $12.7m—half the level of 1973/74, since when assets have roughly doubled and equity capital has been increased by 80 per cent.

Banking analysts in London argue that it is unlikely that NatWest will ever make a decent return on its U.S. investment. Mr Vernon Madge of Sheppards and Chase says that "if one takes an assumption that over a 15 year period the NBNA purchase should produce a net after tax return of 7½ per cent (a fairly modest target) and also recoup the goodwill element in the purchase price, profits would have to rise without any interruption for the remaining 13 years at over 25 per cent per annum—a daunting target."

Aside from the sheer cost of the acquisition of NBNA, doubts have also been raised about the wisdom of NatWest's decision to choose a New York bank as opposed to a Californian bank and a retail bank as opposed to a wholesale bank as the vehicle for its U.S. expansion.

U.S. retail banking is highly competitive and some banks—most notably Bankers Trust—are withdrawing from the market because they feel they can earn more money elsewhere. In addition, the New York economy is far less buoyant than the economy of California and bankers have strong views about which market has the best long-term potential.

NatWest executives are naturally sensitive at accusations that they have paid over the odds for a bank which is in the wrong market and on the wrong side of the continent.

Mr Leigh-Pemberton, who took over as chairman in 1977, has said on more than one occasion that NBNA is "an extremely successful acquisition in terms of NatWest's long-term strategy."

Mr George Cathles, a regional general manager of NatWest who sits on NBNA's board, says that a retail bank was chosen not just for the deposit base but also for the customer base. NatWest had decided on an east coast bank, because California already had two large UK-owned banking operations and was regarded as over-banked.

In addition, NatWest feels that New York would make a better jumping off place for country-wide banking, if the barriers are finally removed. "There is a lot to be said for a major international bank with major banking operations in New York and London," says Mr Cathles, who has been involved with NBNA from the beginning.

However, even he admits that NBNA's performance has been disappointing. "We had hardly got hold of it before everything began to go wrong," he says.

NBNA IN FIGURES

	Assets $bn	Net income $m
1973	2.83	21.6
1974	3.1	25
1975	2.84	14.1
1976	3.06	10.2
1977	3.82	11.3
1978	4.41	18.5
1979	4.85	17
1980	5.69	12.1
1981	5.97	12.7

When the NatWest team went into NBNA after the takeover, they had a few rude shocks. First, NBNA's salary structure had got badly out of line with the rest of the indsutry, with the result that the bank was not retaining top calibre staff. Second, NatWest had not appreciated the size of the fixed-rate portfolio, which has been a severe drag on NBNA's earnings as interest rates have soared. Additionally, NBNA's mangement information systems were not adequate for a bank of its size.

"The bank had grown but some of the bankers' experience had not grown with it," says Mr Cathles.

NatWest's first move was to put one of its own men, Mr Tom Frost, into NBNA. After a brief period he took over as chief executive in 1980 and has been responsible for knocking the bank into shape.

"We never expected this venture to pay for itself straight away," says Mr Frost. When NatWest bought the bank it was in reality little more than a glorified suburban bank, even though it had a Wall Street headquarters. Its former owners, CIT Financial Corporation, had been trying to sell it for years and its business had been allowed to drift downhill.

Over the past couple of years Mr Frost and his small team from NatWest have been spending millions of dollars upgrading the bank and improving the salary structure. The retail banking operation has been automated, extra branches have been bought from Bankers Trust and non-loan products and services to corporate clients have been beefed up.

This last move seems to be paying off and fee and commission income, having stagnated for years, has grown by more than four-fifths over the last couple of years.

NatWest has also been bringing in new top management. Mr William Knowles was hired from Bankers Trust last June as chief operating officer and is tipped to succeed Mr Frost when he returns to the UK later this year.

Another key appointment was made last month when Mr Robert Wallace was hired from First Interstate Bancorp to head up NBNA's commercial banking operation, replacing Mr Walston Gaillie, who resigned late last year.

"There was always going to be a big front-end cost," says Mr Frost. Unfortunately that cost has turned out much higher than NatWest had bargained for, largely because of events outside its control.

The sharp rise in U.S. interest rates exposed major weaknesses in NBNA's balance sheet and one of Mr Frost's first tasks has been to shake out the low-yeilding fixed-rate assets in its $50m tax exempt bond portfolio. These have been sold at below face value resulting in a $7.8m write-off last year.

It remains to be seen whether NatWest's strategy of building a single, solid base for expansion in the U.S. will prove a winner when set beside the very different approaches of the other UK clearing banks in the U.S.

Clearly, NBNA has plenty of recovery potential and NatWest executives are confident that they have done much of the groundwork necessary to make NBNA a success.

Profit falls at Israeli food processor

By L. Daniel in Tel Aviv

ASSIS, one of the largest Israeli manufactorers of processed foodstuffs, suffered a fall of 87 per cent in interim attributable profits, in real terms, from Sh 2.9m to Sh 800,000. Sales increased to Sh 148.5m ($9m) in the April to September 1981 period, representing a nominal rise of 155 per cent and of 16 per cent in real terms after discounting inflation.

Gross profit declined from 28 per cent to 26 per cent of sales as sales expenses increased.

● Koor Industries, the industrial holding company of the Israel Labour Federation, reports that its sales increased by 153 per cent in nominal terms, and 7.5 per cent in real terms last year to Sh 18bn ($1.1bn). Two-thirds of the total went to the home market while exports increased in value by 16 per cent to account for a greater proportion of total turnover. It is hoped to increase this proportion to 40 per cent by 1990.

Celanese in Japanese move

TOKYO — Celanese Corporation, the sixth largest U.S. chemical maker, has opened a wholly-owned subsidiary in Japan to help promote imports of its products. The subsidiary, Celanese Japan, is capitalised at Y10m ($43,000).

The company said it also wanted to promote joint ventures, technical tie-ups and business take-overs in the future. Celanese, with 1981 sales of $4bn, set up a joint venture company, Polyplastic Company, in Japan with Daicel Chemical Industries in 1962. It also has made a technical tie-up with Toho Rayon Company, reports Kyodo.

WORLD STOCK MARKETS

Fresh early Wall St decline

STOCKS ON Wall Street attempted to rally at the outset yesterday, but drifted lower later in the morning following a forecast by the Congressional Budget Office of a $100bn Federal deficit in 1982 and $150bn in 1983.

The Dow Jones Industrial Average, after falling 7.52 on Wednesday, rallied about 1¼ points before further declining to $41.99 at 1 pm, a net 3.04 below the overnight level. The NYSE All Common Index lost 31 cents more at $67.10, while declines led advances at mid-session by a seven-to-five ratio. Trading volume was a fairly heavy 36.14m shares, exceeding the previous day's 1 pm figure of 33.63m.

The Administration had projected the deficit would reach $90bn this year and then decline in 1983. However, Budget Office director Alice Rivlin told a Congressional hearing that the military build-up is producing large deficits.

Analysts said investors are concerned that large deficits will require the Government to step up its financing requirements, thus placing upward pressure on interest rates.

Oil stocks led the market lower, weakened by lower prices for crude oil and reductions in earnings estimates by several analysts. Texas International fell 1⅞ to $21¼ in heavy trading, Cities Service 1¾ to $35, Howell Petroleum 1½ to $17½ and Pennzoil 1¼ to $41¼.

Tesoro Petroleum rose $1 to $23¼, however, in active trading. Published reports said it is considering spinning off some of its operations.

Technology stocks were also weak, with Prime Computer off $2 to $22¼, Honeywell $2 to $70½ and Hewlett-Packard 1⅜ to $41⅜.

McLean Trucking jumped 4⅞ to $13¼ after a late opening on news that it would merge into Meridian Express for $18 a share. Kaiser Steel rose 2¼ to $47¼ before being halted. It has agreed to be purchased by a private investment group for $55.25 a share.

THE AMERICAN SE Market Value Index weakened 1.50 to 285.00 at 1 pm. Volume 2.56m shares.

Closing Prices for North America were not available for this edition.

Canada

Markets presented a rather mixed appearance at mid-day after moderate activity. The Toronto Composite Index was 3.1 easier at 1,731.4 and Oil and Gas lost 25.1 to 3,035.7, but Golds gained 44.3 to 2,587.7 and Metals and Minerals 8.4 to 1,628.4.

Tokyo

The renewed easiness on Wall Street overnight, rising U.S. interest rates and a weaker yen dampened sentiment on the Tokyo market.

The Nikkei-Dow Jones Average receded 26.24 to 7,834.70 and the Tokyo SE index shed 2.32 to 576.27, while falls outnumbered gains by 353 to 282 on the First market. There was another moderate turnover of 230m shares (260m).

Light Electricals, Precision Instruments, Motors and large-capitals declined on light selling, but Pharmaceuticals and low-priced domestic industry issues were inclined to gain ground.

Pioneer Electronic went down Y50 to Y1,700 despite a report that it plans to supply video discs to American concerns IBM and MCA, which are said to be planning to halt video disc production.

Isuzu Motors rose initially on reports of a plan to supply General Motors, of the U.S., with 200,000 small cars annually from 1984, but closed a net Y5 down at Y452. The reports were denied by the company.

News of a drop in domestic motor vehicle sales in January helped to depress Motors in general. Toyota lost Y30 to Y1,050.

A recent slowing in Japanese exports also discouraged sentiment, and Sony dipped Y50 to Y3,800, Matsushita Electric Y40 to Y1,260, Canon Y19 to Y936, Hitachi Y10 to Y693 and Nippon Electric Y8 to Y871.

In contrast, Takeda Chemical rose Y20 to Y1,070, Taisho Pharmaceutical Y12 to Y640, Toshiba Ceramic Y21 to Y990, Nippon Light Metal Y8 to Y155 and Hasegawa Komuten Y10 to Y585.

Germany

An early rise in share prices was partly eroded later by profit-taking, leaving mixed movements on balance. The Commerzbank index, which is based on share prices ruling some time before the close, was up 4.6 at 700.7.

Brokers ascribed the morning gains to foreign investor interest, prompted by the West German Government's stimulation programme for the German economy, announced by Chancellor Helmut Schmidt on Wednesday.

Thyssen, a firm feature of late, rose DM 2.40 to DM 79.40, with investors focusing less on news of a 1980-81 loss and reduced dividend and more on the brighter prospects for the steel industry in 1982.

Leading stores and building concern Holzmann, benefiting from the Bonn Government's investment incentives, advanced DM 4 to DM 425.

Public Authority Bonds recorded fresh gains ranging to 30 pfennigs, with the Bundesbank selling DM 13.4m of stock.

Paris

The market further advanced in active trading as sentiment was boosted by the Call Money rate falling to 14¼ per cent, its lowest since May 12 last year, compared with 15¼ on Wedneday.

A high level of liquidity continued to add buying pressure, while West Germany's plans to stimulate its economy and the prospects of increased demand for French goods which could result, also pushed the Paris Bourse higher.

The Indicator de Tendance index rose 1.9 more to 117.7.

Australia

Selective buying lifted some leading issues, mainly in the Resources sector, but the overall tendency remained easier on continuing concern about local interest rates. The All-Ordinaries index picked up 1.4 to 547.8, although on the Sydney Exchange, the total of declines outscored rises by 109 to 77. The Metals and Minerals index put on 2.8 to 398.3 and Oil and Gas 4.4 to 603.1.

Overall market leader BHP gained 8 cents to A$9.08 and CSR edged up 3 cents to A$3.58.

Among Metal Mining issues MIM continued its steady improvement, adding 7 cents to A$3.12, while CRA was 5 cents harder at A$2.75. In the Gold group, Central Norseman firmed 10 cents to A$5.40, GMK also [illegible] cents to A$5.00, Peko-Wallsend 6 cents to A$5.86 and Poseidon 5 cents to A$2.10.

Some Property Developers, however, further weakened, with Lend Lease closing 15 cents cheaper at A$3.50. Higher short-term interest rates and a jump last month in the major banks' large overdraft rates was said to be having a particularly [illegible] effect on big property developers. A special overseas sale of [illegible] shares in Lend Lease was crossed overnight at A$3.55.

Hong Kong

Concern over the possibility of higher local interest rates being announced today following the increases in U.S. Prime Rates caused Hong Kong shares to decline yesterday in fairly quiet trading.

The Hang Seng index ended 15.77 lower at 1,368.38, while turnover amounted to HK$180.82m on the four exchanges, against HK$92.18m registered in the half-day Wednesday session.

Johannesburg

Both London and local buyers were in the market for Gold shares, which generally improved modestly in line with a rally in the Bullion price.

Indices

NEW YORK —DOW JONES

	Feb. 3	Feb. 2	Feb. 1	Jan. 29	Jan. 28	Jan. 27	1981-82 High	1981-82 Low	Since Cmpil'n High	Since Cmpil'n Low
◆Industr'ls	845.65	852.55	851.59	871.16	864.25	842.85	1024.05 (27/4)	824.51 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	56.48	56.69	56.80	57.00	56.59	56.50	65.76 (15/1/81)	54.99 (1/10)	—	—
Transport.	355.96	356.56	358.85	356.14	350.15	340.17	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	107.81	107.51	106.80	107.51	106.36	105.66	117.81 (6/1/81)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000†	49,560	46,020	47,720	73,400	68,530	50,080	—	—	—	—

◆Day's high 858.26, low 841.89.

Ind. div. yield %	Jan. 29	Jan. 22	Jan. 13	Year ago (approx
	6.35	6.55	6.52	5.76

STANDARD AND POORS

	Feb. 3	Feb. 2	Feb. 1	Jan. 29	Jan. 28	Jan. 27	1981-82 High	1981-82 Low	Since Cmpil'n High	Since Cmpil'n Low
Indust'ls	128.94	131.80	131.58	134.61	132.88	129.56	157.02 (6/1/81)	125.93 (25/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	116.46	118.61	117.78	120.40	118.92	115.74	138.12 (6/1/81)	112.77 (25/9)	140.52 (28/11/80)	4.402 (1/6/32)

	Jan. 27	Jan. 20	Jan. 13	Year ago (approx
Ind. div. yield %	5.67	5.67	5.70	4.67
Ind. P/E Ratio	7.81	7.77	7.76	8.23
Long Gov. Bond yield	13.90	14.15	14.20	12.11

NY. S.E. ALL COMMON

Feb. 3	Feb. 2	Feb. 1	Jan. 29	1981-82 High	1981-82 Low
67.41	68.17	68.01	62.32	72.14 (6/1/81)	64.96 (25/9)

Rises and Falls	Feb. 3	Feb. 2	Feb. 1
Issues Traded	1,863	1,866	1,860
Rises	535	802	385
Falls	872	828	1,168
Unchanged	451	436	307
New Highs	18	14	15
New Lows	41	67	24

MONTREAL

	Feb. 3	Feb. 2	Feb. 1	Jan. 29	1981-82 High	1981-82 Low
Industrials	301.46	301.66	301.15	306.42	409.56 (27/5)	298.42 (28/1/82)
Combined	285.64	287.16	286.95	291.82	375.28 (15/5)	280.09 (28/1/82)
TORONTO Composite	1754.5	1750.5	1740.3	1785.3	2398.55 (16/7)	1704.8 (28/1/82)

	Feb. 4	Feb. 3	Feb. 2	Feb. 1	1981-82 High	1981-82 Low
AUSTRALIA						
All Ord. (1/1/80)	547.8	546.2	548.8	(c)	767.5 (6/4)	533.8 (26/1/82)
Metal & Minls. (1/1/80)	398.3	395.4	395.2	(c)	765.2 (7/1/81)	377.6 (21/1/82)
AUSTRIA						
Credit Aktien (2/1/62)	54.98	55.18	55.24	55.59	66.45 (5/1/81)	53.64 (13/10)
BELGIUM						
Belgian SE (31/12/63)	93.52	94.52	94.19	95.39	95.39 (1/2/82)	89.53 (19/6)
DENMARK						
Copenhagen SE (1/1/73)	125.45	125.52	124.47	123.25	124.69 (22/1/82)	95.88 (2/1/81)
FRANCE						
CAC General (29/12/61)	98.8	97.8	96.9	97.5	112.6 (17/6)	77.5 (15/6)
Ind Tendance (31/12/81)	117.7	115.8	115.2	115.1	117.7 (4/2/82)	87.7 (4/1/82)
GERMANY						
FAZ-Aktien (31/12/58)	228.81	228.55	228.38	226.61	245.47 (6/7)	215.88 (6/2)
Commerzbank (Dec 1953)	700.7	696.1	696.1	691.8	749.0 (5/7)	665.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	87.5	86.8	87.8	86.4	96.9 (25/6)	76.5 (28/9)
ANP-CBS Indust (1970)	68.9	69.2	68.5	68.9	75.4 (22/6)	61.4 (22/12)
HONG KONG						
Hang Seng Bank (31/7/64)	1368.38	1384.15	1390.15	1418.02	1810.20 (17/7)	1115.77 (5/10)
ITALY						
Banca Comm Ital. (1972)	188.16	188.59	190.68	192.04	232.03 (3/6)	156.44 (24/7)
JAPAN(**)						
Dow Average (16/5/49)	7834.70	7860.94	7926.80	7909.79	8019.14 (17/8)	6956.52 (13/3)
Tokyo New SE (4/1/68)	576.27	578.59	578.45	581.58	603.92 (17/8)	495.79 (5/1/81)
NORWAY						
Oslo SE (1/1/72)	125.11	126.71	126.68	125.68	146.72 (5/8)	118.34 (5/6)
SINGAPORE						
Straits Times (1966)	782.98	785.05	785.17	800.55	973.25 (26/6)	778.75 (26/1/82)
SOUTH AFRICA						
Gold (1958)	(u)	681.6	(u)	659.2	797.6 (7/1/81)	476.6 (3/7)
Industrial (1958)	(u)	705.9	(u)	705.7	711.7 (6/1/82)	537.2 (3/2)
SPAIN						
Madrid SE (30/12/81)	105.97	105.47	104.15	(c)	105.97 (4/2/82)	98.17 (5/1/82)
SWEDEN						
Jacobson & P. (1/1/58)	590.09	586.85	602.10	604.94	660.81 (15/8)	404.17 (29/1/81)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	251.8	248.6	249.2	249.5	304.2 (2/4)	242.9 (17/11)
WORLD						
Capital Intl. (1/1/70)	—	139.9	140.8	141.5	162.8 (6/1/81)	133.3 (28/9)

(**) Sat Jan 30: Japan Dow 7938.83 TSE 582.62.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Jack Eckerd	1,133,500	19½	−7⅛
Datapoint	1,118,500	38⅛	−4⅜
Brunswick	1,019,200	26⅜	+⅛
Am. Tel. & Tel.	618,700	57⅞	−⅞
Colgate-Palm	975,600	17⅞	+⅛
IBM	778,800	62½	−⅛
Eastman Kodak	702,200	72⅜	−1½
Mobil	679,800	22	−⅛
Honeywell	648,400	72⅜	−2⅜
Atl. Richfield	583,900	38⅝	−1⅞

COMMODITIES AND AGRICULTURE

Salmon dispute resolved

BY LARRY KLINGER IN BRUSSELS

THE SALMON dispute between the European Commission and the Faroe Islands has at last been resolved with the conclusion this week of a 1982 reciprocal fishing agreement.

The EEC Council of Ministers still has to approve the new arrangements, but officials in Brussels were confident last night that both sides can now speedily ratify the pact.

The Faroese have agreed to limit their salmon catch this season to less than half of their original demands and to accept a further cutback next year.

Ireland, which along with Britain had been in the forefront of the campaign to limit the Faroese salmon catch, welcomed the agreement. An official said yesterday that the new arrangements were a vast improvement on 1,650 tonnes the Faroese had originally proposed and "went a great deal of the way" to removing the immediate danger to European salmon stocks until further scientific evidence could be gathered.

The problem, as seen from Europe, was that the recent five-fold increase in the Faroes' catch threatened the very existence of the European salmon, a fish that spawns mainly in Irish and British rivers and whose offspring then migrate to distant northern waters before returning to their mainland "homes" to reproduce.

Under the new agrement, the Faroese have agreed to limit their catch in the current October-March season to 750 tonnes and to only 625 tonnes in the following season.

In returo, the Commission bas agreed to maintain the Faroese catch of other species in EEC waters at just helow last year's level of about 21,000 tonnes (by value of cod equivalent). The EEC would repeat its 1981 catch in Faroese waters of around 19,000 tonnes.

The Faroes, which are administered hy Denmark and are located in the remote North Atlantic roughly equidistant from the north of Scotland, Iceland and Norway, are beavily dependent on fishing, with more than 70 per cent of their 44,000 population involved in the industry.

Tougher U.S. market rules sought

By Nancy Dunne in Washington

RULES FOR stricter enforcement of commodity laws are among a package of recommendations to be submitted by the Commodity Futures Trading Commission at its reauthorisation hearings scheduled to hegin in the House of Representatives an February 23.

In these hearings to justify its continuing existence, the commission is walking a fine line between the industry which dislikes regulation and many Congressmen who feel the CFTC has not been tough enough.

The Commission has been even-handed in its recommendations. It bas said "na" to the Industry which wants a limit set on the length of time needed for commission approval of new contracts: "no" ta Congressmen who want it, rather than the exchanges, to set margin limits: and "na" ta the courts who want judicial review of CFTC emergency powers.

After last year ordering exchanges to set speculation limits on all commodities, the commission is now recommending that it he given routine authority to increase or decrease those limits.

It is also recommending: a statute permitting private individuals to seek redress in civil court for violations of commodity law, an expansion in the number of industry participants who must be registered with the commission, and a statute that could make supervisers in brokerages responsible for the actions of their employees.

The question of a users fee to he imposed on each futures transaction in order to finance CFTC operations will be a central one in the hearings.

Dutch to appeal on gas decision

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH glasshouse growers are to appeal to the European Court against an EEC decree ordering them to pay more for their gas. The Agricultural Commodity Board, representing the growers, intends to file its appeal within the next 10 days.

The Dutch growers, who currently pay just over 30 guilder cents a cubic metre for their gas—16 cents less than the average industrial price—have agreed to increase the price in five stages by April 1984.

However, the EEC commission wants the Dutch to bring their price into line with the industrial rate by October 1982.

In spite of the decision to appeal to the court in Luxembourg, the Commodity Board said it hoped it could still reach an out of court compromise over the dispute. The board said it cannot agree to the Commission's demand to adjust the growers' price by October but a number of compromise solutions are possible, including advancing the date for complete parity slightly, reducing the number of phases in which the price is adjusted, or redefining what is meant by parity with the industrial price, it added.

The Commodity Board is keen that the Commission does not see its decision to appeal as a "declaration of war." It is the only way open to the board to continue to stand up for the Dutch growers. For this reason the appeal will not be filed until the last moment. It is unlikely, though, that a compromise can be reached before February 15, the last date for appeal.

The board said it had not heard from the Commission since it had told Brussels of its views in January. The Dutch bad expected some reaction to the announcement of their willingness to meet one of the Commission's demands. This was for a small additional increase in the growers' price to prevent it moving even further out of line with the industrial price.

The Dutch agriculture ministry, which is formally not involved in the dispute, said it welcomed the Commodity Board's efforts to reach a compromise. The ministry is concerned that the tough stand taken by the growers could prejudice exports of Dutch agricultural produce.

USSR buys Australian wheat

MELBOURNE—The Australian Wheat Board has sold 1m tonnes af wheat to the Soviet Union for February/May shipment, Mr Leslie Price, Board chairman, said.

The sale, the second from the 1981-82 crop, was foreshadowed by board general manager Mr Max Moore Wilton last week.

The board had sold the USSR an initial 1m tonnes on October 1 and said then a further substantial sale would he made when the season's wheat production was finalised.

Mr Moore Wilton also said he expects the board will make a further substantial sale from this season's crop to China.—Reuter.

Malaysia takes hard line on tin

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA regards the period from now to April 30—the date for the final ratification of the sixth International Tin Agreement (ITA)—as crucial to the future of producer-consumer co-operation.

There is a distinct danger that the current power play on the tin market will undermine the ITA. In that event, tin producers will form their own group, a development that will deal a severe blow to international commodity pacts, and something which Malaysia wants to avoid.

In anticipation of further retaliatory moves by the U.S. and other consumers in the coming weeks, Datuk Paul Leong, Primary Industries Minister, will meet representatives of the Malaysian tin industry on February 16 to discuss "new approaches to deal with the current tin situation."

The next day, Datuk Musa is to visit Jakarta for talks with Indonesian leaders to joint co-operation to face the tin crisis.

Datuk Leong and Malaysian officials are reluctant to disclose what "new approaches" would be taken, but the prospect of tin mining companies slowing down production or withholding stocks from the market cannot be ruled out.

Datuk Leong said "Increasingly, producers as a group have to map out strategies to protect" their tin mining industry against short-term disruption and to ensure long-term viability.

Malaysia has described the sale of U.S. stockpile tin as "dumping." Tan Sri Ghazali Shafie, foreign minister, said producing countries would regard this continual selling as economic sabotage, and would resort to means to protect themselves by "depleting the GSA stockpile."

N. American silver output up

NEW YORK—The U.S. and Canada increased silver production last year by 15 per cent and 13 per cent respectively, but top world producer, Mexico, suffered its first decline in five years, Handy and Harman, the U.S. silver trader, said.

Production in the U.S. rose to 36m ounces, while Canada's output climbed to 38.7m ounces compared with a revised 34.4m ounces for 1980, Reuter reported.

Mexican production fell 6 per cent to 45.2m ounces, the lowest since 1976.

Peru, the world's second largest producer, had an output of 40.1m oz, slightly higher than the previous year.

Total non-Communist world production amounted to about 264m oz during 1981, an increase of 4 per cent from the revised 1980 figure, the trader said.

World consumption of silver during 1981 for industrial and coinage uses combined, excluding Communist-dominated areas, increased to about 361.3m oz, about 2 per cent over 1980.

Consumption increases recorded in all main countries reflected the impact of lower silver prices, offset in part by the business recession during the last half of 1981.

Our Commodities Editor adds: Silver prices were firm yesterday in line with the stronger trend in gold. The upward trend in precious metals also helped boost copper, lead and zinc.

Lead and zinc were initially both lower on hopes of a settlement of the seven-month old strike at the Tara Mines in Ireland following workers voting in favour of the Irish Labour Court recommendations. But this has been already discounted to a large extent, and prices recovered strongly in the afternoon in the wake of copper. Cash tin rose to a record level of £8,970 before closing at £8,945 a tonne, £110 up on the previous day. Traders attributed the further increase to a continued shortage of supplies available.

Supply squeeze lifts coffee

By Our Commodities Staff

NEARBY POSITIONS on the London coffee futures market moved up strongly yesterday reflecting concern over the shortage of supplies available for immediate delivery. The biggest rise was £66.50 for the prompt March position at £1,286 a tonne but May coffee also rose £37 to £1,208.5 a tonne.

Speculators who had earlier sold "short" in anticipation of a price fall were reported to be "running for cover."

FARMER'S VIEWPOINT

Fixing a fair rent

MR PETER WALKER, Minister of Agriculture, has been rather ambivalent in his attitude to the joint approach by the National Farmers Union and the Country Landowners Association that he should initiate reforms of the 1976 Agricultural Holdings Act. This Act gave farm tenants' families the right of succession within certain limits.

In return for some limitations, the NFU was looking for an alteration in the criteria used by arbitrators when deciding rents to be paid in cases when they could not be agreed between landlord and tenant. Rents can be altered every three years in England and every five in Scotland.

A rather less convincing argument is that the removal of the succession of tenancies would allow more farms to become available to rent, so giving more young farmers a chance to get into farming. The Young Farmers Clubs have been particularly vociferous in their demands that the succession provision should be altered.

It would be naive to suppose that landlords would rush to let their farms if lifetime or term tenancies were substituted. The Royal Institute of Chartered Surveyors, for example, doubts very much if the change would bring many more farms on the market. The general impression is that the main objections to letting farms are fiscal. The disadvantages to landlords of operating within the parameters of rents, which are taxed as unearned or investment income, make it preferable for landlords to farm themselves.

This seems logical to me. So do the hostile reactions of some members of the RICS to the suggestion that a change should be made in the method of determining rents by arbitration. These lay down that the rent to be awarded should be as between a willing tenant and landlord.

When this clause was incorporated in the Agricultural Holdings Act of 1958, rents in general were low, as farming was not doing very well. In the early 1960s certain agents, acting among others for the Church Commissioners, instituted a system of letting by tender. This, so one of the innovators Peter Trumper of Cluttons told me at the time, meant that farmers valued the farms themselves.

It did not take long for the system to catch on and, as a corollary, for agents to use the results of a tender rent to raise the rents of other farms within the area. Critics may say that tender rents include an element of "key" money, or that farmers with holdings at a low historic cost will bid a high price for extra land in order to spread their overheads.

This is undoubtedly true. But it is also true that there have been few reported cases of farmers who have bid the high rents either going bankrupt, or securing a rent reduction. Very few tenants will risk an arbitration, because they fear the results will hurt them more than a negotiated rent. What published statistics there are tend to confirm this.

Last autumn the Tenant Farmers Association was formed by a number of tenant farmers who felt that the NFU, which comprises owner occupiers and landlords among its members, was not looking after their interests well enough. The TFA's main worry concerned the level of rents. It is looking for some other way of fixing them than by the basis of tender offers.

One member told me that some agents were picking on a farmer and forcing him to raise his rents and then using this as a means of pushing up everyone else's. They feel that they need to employ surveyors to stand up for them against the skilled professionals employed by the landlords.

They also seek to abolish succession as a means of reversing the decline in numbers of farms to let.

Membership of the TFA is by all accounts growing, but it is not attempting to recruit in Wales and parts of the west country where support for tenancy succession is strong. The small farmers of those parts are reluctant to surrender the certainty of succession for their sons in exchange for a hypothetical increase in the number of farms to let. If the TFA fails it will be because it appears to many to represent a narrow sectional interest of large scale tenant farmers.

The alternative for rent fixing is that it should be based on the productive qualities of the land or farm. This is the basis in France,[1] where about half the land is tenanted. Rents there appear to be low, about 10 per cent of gross output as against 20 per cent or more in southern England. But in France there is no free market either in tenancies or land, and farm size expansion is very limited. Neither British landlords nor the aggressive and expansionist farmers would like this a bit.

As a practical politician, Mr Peter Walker is understandably very loathe to intervene, as he is bound to upset a very large number of interests, whatever he does.

In any case there is no evidence that the higher rents being paid these days are harming output. Farmers are resilient and are not yet in the position of those in New Zealand for instance, where a herd owner has to pay his landlord 50 per cent of the milk cheque.

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

A GENERAL ADVANCE by base-metal prices on the London Metal Exchange was again featured by good demand for cash. Tin which touched a record £8,960 before closing at £8,950; three months was finally £8,040, owing to hedge selling. Copper rose to £898.5, as persistent buying followed the gains in gold an silver, while Lead was finally £354 and Zinc £461 despite the possibility of an end to the strike at Tara Mines. Aluminium closed at £618.25 and Nickel at £3,155.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrade				
Cash	864-.5	+3	867-8	+5.25
3 mths	894-5	+5	896.5-7.5	+5.25
Settlem't	865	+6	—	......
Cathodes				
Cash	863-5	+3.5	864-6	+6.5
3 months	891-3	+4.5	893-4	+5.5
Settlem't	865	+4	—	......
U.S. Prod.	—	......	*76.5-80	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £862.00, 62.50, 63.00, three months £894.00, 93.00, 94.50, 94.00, 93.00, 92.00, 93.00, 94.00. Kerb: Higher Grade, three months £894.00. Afternoon: Higher Grade, cash £867.00, 68.00, three months £896.00, 96.50, 96.00, 97.00, 96.50, 97.00. Kerb: Higher Grade, three months £896.00, 99.00, 98.50, 900.00, 898.00, 98.00. Turnover: 16,625 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	344-.5	+8.5	340-1	+4.5
3 months	353.5-4	+5	349-.8	+1.75
Settlem't	344.5	+8.5	—	......
U.S. Spot	—	......	*28-34	......

Lead—Morning: Cash £344.00, three months £352.00, 55.00, 54.00, 54.25, 54.00. Kerb: Three months £353.00, 53.50, 53.00. Afternoon: Three months £353.00, 52.00, 51.00, 50.00, 49.00. Kerb: Three months £351.00, 52.00, 53.00, 54.00, 53.00, 53.50, 54.00, 55.00. Turnover: 10,650 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8950-80	+185	8940-50	+110
3 months	8030-30	—15	8040-60	—32.5
Settlem't	8960	+180	—	......
Standard				
Cash	8950-60	+196	8940-50	+110
3 months	8020-30	—15	8040-50	—25.5
Settlem't	8960	+180	—	......
Straits E.	‡$34.70	......	—	......
New York	—	......		

Tin—Morning: Standard, cash £8,850, 70, 8900, 8880, 8900, 8950, 8970, three months £8080, 70, 60, 40, 30. Kerb: Standard, three months £8030, 40, 50. Afternoon: Standard, cash £8970, 60, 50, early March £8300, 8350, 8300, three months £8030, 40. Kerb: Standard: cash £8950, three months £8040, 50. Turnover: 1,955 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	450.5-1	+11.8	450-1	+8.25
3 months	455.5-.3	+10.7	457-.9	+6.25
S'ment	451	+11.8	—	—
Primw'ts	—	......	*42-50	—

Zinc—Morning: Cash £445.50, 49.50, 50.50, three months £452.60, 54.00, 55.00, 55.50, 56.00, 57.00, 56.50, 56.00. Kerb: Three months £455.00, 56.00, 55.00, 55.50. Afternoon: £454.00, 55.00, 56.00, 57.00. Kerb: Three months £457.00, 58.00, 59.00, 60.00, 62.00, 61.00, 60.00, 59.00, 60.00. Turnover: 10,200 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	595-6	+2	592-3	—3.5
3 months	618.5-9	+2	615-6	—4

Aluminium—Morning: Three months £618.00, 18.00, 18.50, 18.50, 20.00, 19.50. Kerb: Three months £620.00. Afternoon: Three months £616.00, 17.00, 16.00. Kerb: Three months £616.00, 17.00, 18.00, 18.50. Turnover: 6,725 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3125-35	+6	3120-5	—6
3 months	3160-5	—1	3155-60	—10

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Three months £3,165, 60. Kerb: Three months £3,155, 60. Afternoon: Three months £3,165, 60, 50. Kerb: Three months £3,160. Turnover: 550 tonnes.

SILVER

Silver was fixed 14.8p an ounce higher for spot delivery in the London bullion market yesterday at 450.74p. U.S. cent equivalents of the fixing levels were: spot 841c, up 25.2c; three-month 872.4c, up 26.17c; six-month 904.2c, up 25.1c; and 12-month 965.9c, up 30.3c. The metal opened at 444-448p (830-835c) and closed at 448-452p (835-840c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	450.70p	+14.8	448.5p	+8.70
3 months	462.90p	+15.6	460.25p	+11.5
6 months	481.45p	+18.4	—	......
12 months	512.00p	+18.8	—	......

LME—Turnover 82 (65) lots of 10,000 ozs. Morning: Three months 466.0, 65.5, 65.0, 64.5, 64.4, 64.1, 64.0, 64.1. Kerb: Three months 465.0, 64.5. Afternoon: three months 466.0, 65.0, 65.5, 65.2, 67.0, 66.5, 65.3, 66.0. Kerb: three months 465.00.

COCOA

Futures opened higher as due and remained steady throughout a dull day. Actuals business remained scarce, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1182-84	+9.5	1184-58
May	1131-62	+8.0	1163-52
July	1171-72	+5.2	1173-64
Sept	1183-85	+3.0	1184-76
Dec	1194-96	+2.6	1186-89
March	1210-14	+4.0	—
May	1215-23	+1.5	—

Sales: 1,485 (2,128) lots of 10 tonnes.

ICCO—Daily price for Feb 4: 94.84 (95.58). Indicator price for Feb 5: 93.98 (94.58). U.S. cents per pound.

COFFEE

Renewed dealer and commission house buying produced a further rise in expected opening, reports Drexel Burnham Lambert. Fuelled by news of cyclones hitting Madagascar, nearby March rose sharply.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1285-87	+63.5	1281-58
May	1208-09	+37.0	1209-85
July	1162-63	+33.0	1170-56
Sept	1152-64	+30.5	1162-45
Nov	1147-56	+16.0	—
January	1140-45	+10.0	—
March	1140-45	+8.0	—

Sales: 6,497 (4,894) lots of 5 tonnes. ICO indicator prices for February 3 (U.S. cents per pound): Comp. daily 1979 125.79 (125.02); 15-day average 125.29 (124.86).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 502.0, 503.0, 504.0-502.0; May 513.0, 513.5, 514.0-512.0; July 520.0, 520.5, 520.0; Oct 518.0, 518.5, 519.0-517.0; Dec 522.0, 523.0, 523.5-521.5; Mar 528.0, 529.0, 529.0; May 533.0, 533.5, 533.0; July 538.0, 539.0, untraded.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Mar 374, 378, nil; May 366, 397, 386-385; Aug 396, 393, 397-395; Oct 397, 400, 399-396; Dec 402, 404, 404-401; Jan 404, 408, 405-403; Mar 416, 412, 416-414; May 421, 424, 424-422; Aug 432, 438, 435-434. Sales: 108.

BRADFORD—Top prices tended slightly firmer but there was little new business to support this movement. Price changes are related to availability of some South American wools and a firmer tendency in primary markets.

GAS OIL FUTURES

The market opened unchanged and, influenced by New York's close, traded to the lows before lifting on a much firmer physical market, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
February	283.00	+1.00	285.50-80.50
March	279.60	+0.75	281.00-79.50
April	275.50	+0.50	276.00-71.50
May	273.50	+0.50	275.50-70.00
June	272.00	—	275.00-70.50
July	270.00	—1.25	275.00-75.00
August	278.00	+0.50	—
Sept.	277.50	—2.50	—
Oct.	281.50	+1.50	—

Turnover: 2,574 (2,614) lots of 100 tonnes.

GRAINS

Old crops opened slightly higher, new crops unchanged. Continued selling of old crops produced a steady fall in prices. New crops were also weaker, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Mar	111.45	—0.30	108.05	—0.40
May	115.25	—0.20	111.20	—0.40
July	118.70	—0.20	—	—
Sept	102.65	—0.10	102.60	—0.15
Nov	110.20	—0.10	106.15	—0.10
Jan	114.10	—0.15	109.82	—0.10

Business done—Wheat: Mar 111.45-111.25, May 115.25-116.05, July 118.70-118.50, Sept 105.60 only, Nov 110.20-110.15, Jan 114.00 only. Sales: 122 lots of 100 tonnes. Barley: Mar 108.25-107.95, May 111.20-111.10, Sept 102.35-102.25, Nov 106.15-106.10, Jan no trades. Sales: 282 lots of 100 tonnas.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Feb 121.95, Mar 123.75 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent mid-Feb/mid-Mar 117.95 transhipment East Coast sellers. English Feed fob Nov 113 paid East Coast. Maize: French first half Feb 133.25, second half Feb 134 transhipment East Coast sellers. S. African Yellow Mar 76.50 quoted. Barley: English Feed fob Feb 112, Sept 105.25 traded East Coast. Rest unquoted.

RUBBER

The London physical market opened unchanged, attracted little interest throughout the day and closed on an easier note. Lewis and Peat recorded a February fob price for No. 1 RSS in Kuala Lumpur of 206.0 (205.5) cents a kg and SMR 20 181.0 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Mar	49.20-50.10	49.80-50.10	—
April	49.80-50.40	89.50-51.00	—
Apl-Jne	51.00-51.10	51.60-51.70	51.70-51.00
Jly-Sept	54.80-54.70	55.20-55.50	55.50-54.50
Oct-Dec	58.00-58.20	58.50-58.80	58.40-58.00
Jan-Mar	81.30-81.40	81.80-81.80	81.70-61.50
Apl-Jne	84.30-84.40	84.70-84.80	—
Jly-Sept	67.40-67.60	67.70-67.80	67.50-67.40
Oct-Dec	70.50-70.80	70.80-70.90	—

Sales: 158 (371) lots of 15 tonnes, nil (3) lots of 5 tonnes.

Physical closing prices (buyers) were: spot 49.00p (49.50p); March 50.25p (same); April 50.50p (50.75p).

SOYABEAN MEAL

The market opened slightly better in thin conditions, reports T. G. Roddick. Prices firmed on stronger nearby cash markets and trade buying.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	151.00-51.5	—	151.50
April	155.40-55.7	+1.30	155.60-52.10
June	152.50-52.7	+0.25	152.80-51.90
August	153.00-55.2	+0.30	155.00-52.20
October	155.50-56.0	+1.25	—
Dec	154.00-56.5	—	—
Feb	154.50-59.0	—	—

Sales: 166 (120) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £168.00 (£171.00) a tonne cif Feb-March shipment. White sugar daily price £175.00 (same).

Prices initially traded lower but soon recovered. New York prices eased sharply and all the gains were lost but the market rallied again on the closing call, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	173.90-74.00	174.60-74.75	177.75-75.40
May	177.00-77.50	177.50-77.70	179.50-75.80
Aug	179.95-80.75	180.55-80.50	180.75-78.80
Oct	185.00-84.00	185.25-85.85	184.00-82.00
Jan	184.00-85.50	184.75-85.40	—
March	189.20-88.50	189.30-89.75	189.05-87.75
May	190.00-91.00	192.00-92.50	—

Sales: 3,827 (3,729) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £278.50 (£281.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 3: Daily price 13.12 (13.44); 15-day average 13.13 (13.11).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 20 tonnes. Few transactions were recorded, as buyers remained hesitant. Demand centred on certain American type varieties, with U.S. staple predominating.

POTATOES

LONDON POTATO FUTURES—The market was quiet and slightly easier but lacking direction, reports Coley and Harper. Closing prices: Feb 101.50, unchanged (high 101.50, low 99.50); April 126.50, —0.80 (high 127.00, low 126.00); Nov 88.90, +0.10 (high 89.10, low 88.90). Turnover: 313 (494) lots of 40 tonnes.

HIDES—Manchester: lighter ox hides were firmer, otherwise there was little change. Second cleans. Ox: 31-35.5kg, 61.5p a kg withdrawn (62.0p a kg withdrawn); 28-30.5kg, 68.7p a kg (68.5p a kg withdrawn); 22-25.5kg, 75.5p a kg (75.0p a kg). Light cows: 25.5kg, 73.9p a kg (71.1p a kg withdrawn).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.80-£5.40, codlings £3.20-£4.10. Large haddock £3.50-£5.20, medium £3.50-£4.50, small £2.40-£3.40. Best small plaice £2.80-3.80. Lemon soles (large) £12.50, (medium) £10.00. Rockfish £2.80. Reds £2.00-£2.40. Saithe £2.00-£2.90.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 85.0 to 89.0; Ulster hindquarters 96.0 to 98.0, forequarters 70.0 to 73.0. Veal: English fats 74.0 to 88.0; Dutch hinds and ends 115.0 to 126.0. Lamb: English small 83.0 to 91.0, medium 84.0 to 88.0, heavy 82.0 to 86.0. Scotch heavy 80.0 to 84.0. Imported—New Zealand PL 70.0 to 70.0, PX 69.0 to 70.0. YLs 69.0 to 70.0. Pork: English, under 100 lb 48.0 to 58.0, 100-120 lb 47.0 to 55.0, 120-160 lb 43.0 to 54.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 102.13p per kg lw (+0.22). UK—Sheep 138.02p per kg est. dcw (—6.63). GB—Pigs 80.10p per kg lw (+2.69).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels/Navelinas 42/130 4.30-5.00; Jaffa: Navels 60/105 4.00-4.35, Shamouti 60/168 4.70-5.60; Moroccan: Navels 56/113 3.60-4.50. Sevilles—Spania: 7.00-7.50. Ugli Fruit—Jamaican: 14/48 5.00-11.50. Clementines—Spania: 4.80-5.60; Moroccan: 1/8 4.00-5.50. Satsumas—Spania: 3.60-4.00. Minneolas—Jaffa: 60/81 5.70-5.10; Cypriot: 53/72 3.00. Lemons—Cypriot: 3.20-5.50; Greek: 5.00-5.00; Turkish: 4.00-5.00; Spania: 40/50 2.40-2.50; Italian: 80/120 5.50; Jaffa: 45/50 2.50. Grapefruit—U.S. Pink 32/48 5.50-6.00; Cypriot: Large cartons 3.00-4.00, small cartons 2.30-3.20; Jaffa: 36/83 3.50-4.90. Apples—French: New crop, Golden Delicious 20 lb 2.00-4.00, 40 lb 3.00-7.60, Stark Crimson 40 lb 5.50-7.50, 20 lb 3.40-3.80, Granny Smith 2.50-10.00; Canadian: Red Delicious 8.00-10.00; U.S.: Red Delicious 10.00-14.00; Hungarian: Starking 7.00-8.00. Pears—Dutch: Comice 14 lb, per lb 0.28; Italian: Per lb Passecrassene 0.15-0.17. Peaches—S African: 3.50-5.00; Chilean: 6.00. Nectarines—Chilean: 6.50-7.00; S African: 3.00-4.00. Plums—S African: Santa Rosa, per lb 0.30-0.50, Eldorado 0.30-0.60, Wicksons 0.35-0.50, Harry Pickstone 0.35-0.55, Gaviota 0.35-0.55. Apricots—S African: 11 lb, per lb 0.30-0.60. Grapes—Spanish: Almeria 11 lb 2.40-3.60, Negra 5.00-5.50; Brazilian: 10 lb Italia 7.50-8.00, Red Emperor 11.00, Perlette and Thompson 10.00-11.00. S. African, Thompson 9 lb 8.50-9.00, Alphonse Lavallee 12.00-13.00, Sultana.

English Produce: Potatoes—Per 55 lb, White 2.40-3.20, Red 2.60-3.60, King Edwards 2.80-4.00. Mushrooms—Per lb, open 0.30-0.40, closed 0.50-0.60. Apples—Per lb, Bramley 0.12-0.25, Cox's 0.20-0.30, Spartan's 0.20-0.25, Russets 0.20-0.30. Pears—Per lb Conference 0.14-0.20, Comice 0.18-0.25. Cabbages—Per 30-lb bag, Celnic/Jan King 2.00-3.00. Lettuce—Per 12, round 1.20-2.00. Onions—Per 55 lb 40/80mm 2.00-3.00. Carrots—Per 28/28 lb 1.00-1.80. Beetroots—Per 28 lb, round 1.00-1.20, long 1.40-1.50. Swedes—Per net 1.00-1.30. Sprouts—Per 20 lb 2.00-3.00. Spring Greens—Per 35/40 lb Cornish 2.00-3.00, Kent 30 lb 3.00-4.00. Rhubarb—Per 14 lb, per lb 0.28. Leeks—Per 10 lb 1.00-1.50. Parsnips—Per 26/28 lb 1.00-2.00. Turnips—Per 26/28 lb 1.00-2.00. Tomatoes—Per lb 0.70.

PRICE CHANGES

(In tonnes unless otherwise stated.)

	Feb. 4 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£910/815
Free Mkt.	$1110/1140	......	$1090/120
Copper			
Cash h grade	£867.5	+5.25	£837.5
3 mths	£897	+5.25	£865.25
Cash Cathode	£865	+6.8	£833
3 mths	£825.5	+5.5	£861
Gold troy oz	$384.5	+8.25	$397
Lead Cash	£340.5	+4.5	£355
3 mths	£349.25	—1.75	£348.75
Nickel	£3771.7	......	£3737.75
Free mkt	265/285c	+8.5	245/90c
Platin'mtr oz'y	£260	......	£260
Free mkt.	£197.95	+4.55	£197.50
Quicksilver†	$360/370	......	$415/420
Silver troy oz	450.70p	+14.60	493.80p
3 mths	465.90p	+15.05	459.20p
Tin Cash	£8945	+110	£8501.5
3 mths	£8045	—32.5	£7212.5
Tungsten22.0 lb	$185.54	......	$187.40
Wolfrm22.04lbs	$126/130	—0.2	$193/128
Zinc Cash	£450.5	+8.25	£436.5
3 mths	£457.5	+8.25	£448.5
Producers	$875/950	......	$950
Oils			
Coconut (Phil)	$545w	......	$547
Groundnut	$715	......	$675
Linseed Crude	‡	......	‡
Palm Malayan	$542.5v	—2.2	$500
Seeds			
Copra Philip	$350	—8	$342.5
Soyabean (U.S.)	$264.75	—2.5	$261
Grains			
Barley Fut. May	£111.20	—0.4	£107.25
Maize	£165.25	......	£155.50
Wheat Fut. May	£115.25	—0.2	£119.45
No.2 Hard Wint	£117.25w	—0.25	‡
Other commodities			
Cocoa ship't*	£1224	+10	£1240
Future May	£1161.5	+6	£1194.5
Coffee Ft' May	£1208.5	+37	£1144.5
Cotton A.Index	70.20c	......	68.90c
Gas Oil Mar.	$279.5	+0.75	$325
Rubber (kilo)	49p	—0.5	48.5p
Sugar (Raw)	£168w	—3	£182
Wool't'ps 64s kl.	381p kilo	—1	376p kilo

‡ Unquoted. v April. w Feb-March. x March. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, February 4.

PRECIOUS METALS and copper rallied on fresh buying generated by the U.S. Administration not ruling out the possibility of using U.S. troops in El Salvador. Cocoa was under pressure from expectation of a large surplus for 1981-82. Heating oil was mixed with support emanating from a firmer cash market and a sharp decline in distillate stocks. Wheat came under pressure from Australian sales to the USSR, while maize was mixed. Soyabeans firmed on uncertainty over the Brazilian crop, reported Heinold.

Copper—Feb 72.95 (72.25), March 73.65-73.75 (73.00), April 74.75, May 75.70-75.85, July 77.80, Sept 79.50, Dec 82.05, Jan 82.95, March 85.00, May 86.50, July 88.30, Sept 90.10, Dec 92.80.

Potatoes (round whites)—March 86.0-86.30 (83.5), April 90.3-90.7 (87.7), Nov 76.5-77.9, Feb 85.2. Sales: 931.

*Silver—Feb 854.0 (826.0), March 860.0-863.0 (833.5), April 871.2, May 883.0-886.0, July 907.0-908.0, Sept 923.0-928.0, Dec 953.0-954.0, Jan 967.5, March 988.5, May 1009.5, July 1030.5, Sept 1051.5, Dec 1083.0. Handy and Harman bullion spot: 841.50 (820.00).

Sugar—No. 11: March 13.55-13.58 (13.40), May 13.72-13.74 (13.81), July 13.87-13.88, Sept 14.05, Oct 14.21-14.23, Jan 14.22, March 14.75-14.80, May 14.86-14.92. Sales: 8,890.

Tin—745.00-764.00 (727.00-760.00).

CHICAGO, February 4.

Lard—Chicago loose 22.25 (same).

Live Cattle—Feb 64.50-64.35 (64.47), April 63.15-63.25 (63.45), June 62.40-62.30, Aug 60.60-60.75, Oct 59.20-59.10, Dec 60.00-59.90.

Live Hogs—Feb 52.50-52.30 (52.25), April 49.20-49.35 (50.17), June 51.80-51.70, July 52.57-52.5, Aug 51.52, Oct 49.02, Dec 49.97, Feb 49.55.

Pork Bellies—Feb 72.50-72.60 (73.10), March 72.55-72.75 (73.45), May 73.00-73.30, July 73.25, Aug 71.95-71.55.

†Soyabeans—March 651-650 (647¼), May 667½-666½ (664¾), July 682-680½, Aug 685, Sept 686, Nov 692-631½, Jan 705½, March 719.

‖Soyabean Meal—March 192.7-192.9 (191.4), May 194.0-193.6 (193.5), July 196.8-197.0, Aug 197.5, Sept 197.5-195.0, Oct 196.0-199.0, Dec 201.0-200.5, Jan 202.0.

Soyabean Oil—March 19.81-19.84 (19.79), May 20.56-20.57 (20.54), July 21.20-21.18, Aug 21.48-21.50, Sept 21.70-21.75, Oct 21.90, Dec 22.35, Jan 22.55-22.60, March 22.68-22.70.

†Wheat—March 372½-371 (378¾), May 390-388½ (392¾), July 399-398, Sept 415-414½, Dec 437¼, March 453.

WINNIPEG, February 4

§Barley—March 130.40 (131.40), May 132.50 (132.90), July 133.90, Oct 134.90, Dec 136.50.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 245.79 (247.24).

*Gold—Feb 386.0-386.5 (379.2), March 386.0-383.5 (382.5), April 393.5-394.0, June 402.5-403.5, Aug 413.0, Oct 422.3, Dec 432.3, Feb 442.7, April 453.2, June 463.8, Aug 474.4, Oct 485.1, Dec 495.0.

*Platinum—April 377.5-379.5 (363.5), July 389.0-390.0 (372.5), Oct 399.0-401.0, Jan 410.0.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, February 3.

††Cocoa—March 1926 (1867), May 1981 (1946), July 2006, Sept 2055, Dec 2075, March 2105.

Coffee—"C" Contract: March 149.60-150.25 (146.35), May 139.00-140.00 (138.44), July 133.35-133.90, Sept 130.00-130.25, Dec 128.75, March 123.25-123.50, May 119.00-123.00, July 119.00-123.00. Sales: 2,020.

Cotton—No. 2: March 64.60-64.65 (64.46), May 66.75-66.80 (66.58), July 68.70, Oct 70.95-71.00, Dec 72.08-72.10, March 73.50-73.60, May 74.55-75.00, July 75.20-75.25. Sales: 4,500.

Orange Juice—March 141.70-142.00 (140.80), May 145.20 (144.20), July 148.00, Sept 150.85, Nov 151.90-152.00, Jan 152.80-153.00, March 154.05-154.25, May 155.30-155.60, July 155.50-155.70. Sales: 750.

CHICAGO, February 3.

Chicago Imm Gold—March 382.5-382.0 (379.8), June 395.5 (393.3), Sept 410.1, Dec 424.8, March 439.9, June 457.5, Sept 470.9.

EUROPEAN MARKETS

ROTTERDAM, February 4

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Feb 25/March 10 198.50. U.S. No. Two Red Winter Feb 168, March 171. U.S. No. Three Amber Durum Feb 214, April/May 192, June 192.50, July 192.50, Aug 194, Sept 196, Oct 197, Nov 198. U.S. No. Two Northern Spring 14 per cent Feb 206.50, March 210, April/May 187, June 189, July 190, Aug 190, Sept 191. Canadian Western Red Spring April/May 216.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow afloat 128.50, Feb 128, March 128, April/June 130, July/Sept 133.50, Oct/Dec 137 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Feb 253, March 260.25, April 263.75, May 266.25, June 269, July 270.25, Aug 270, Sept 271.75, Oct 271, Nov 270.75, Dec 275 sellers, Argentina July 267.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 243-244.50, Feb 240 traded, afloat 243, Jan 241, Feb 240, March 238.50, April/Sept 237, Nov/March 247 sellers. Brazil Pellets Feb 259, March 254, April/May 247, April-Sept 248 sellers.

PARIS, February 4.

Cocoa—(FFr per 100 kilos): Dec 1253.50/1277, Mar 1275/1278, May 1295/1303, July 1315/1325, Sept 1341/1345, Dec 1355/1359, Mar 1365/1368. Sales at call: 11.

Sugar—(FFr per tonne): Mar 2000/2005, May 2015/2018, July 2020/2030, Aug 2060/2065, Oct 2053/2080, Nov 2055/2060, Dec 2070/2080, Mar 2100/2114. Sales at call: 47.

INDICES

FINANCIAL TIMES

Feb. 3	Feb. 2	Month ago	Year ago
249.42	249.92	248.81	253.77

(Base: July 1, 1952=100).

MOODY'S

Feb. 3	Feb. 2	Month ago	Year ago
1011.5	1012.6	992.7	1164.5

(December 31, 1931=100)

DOW JONES

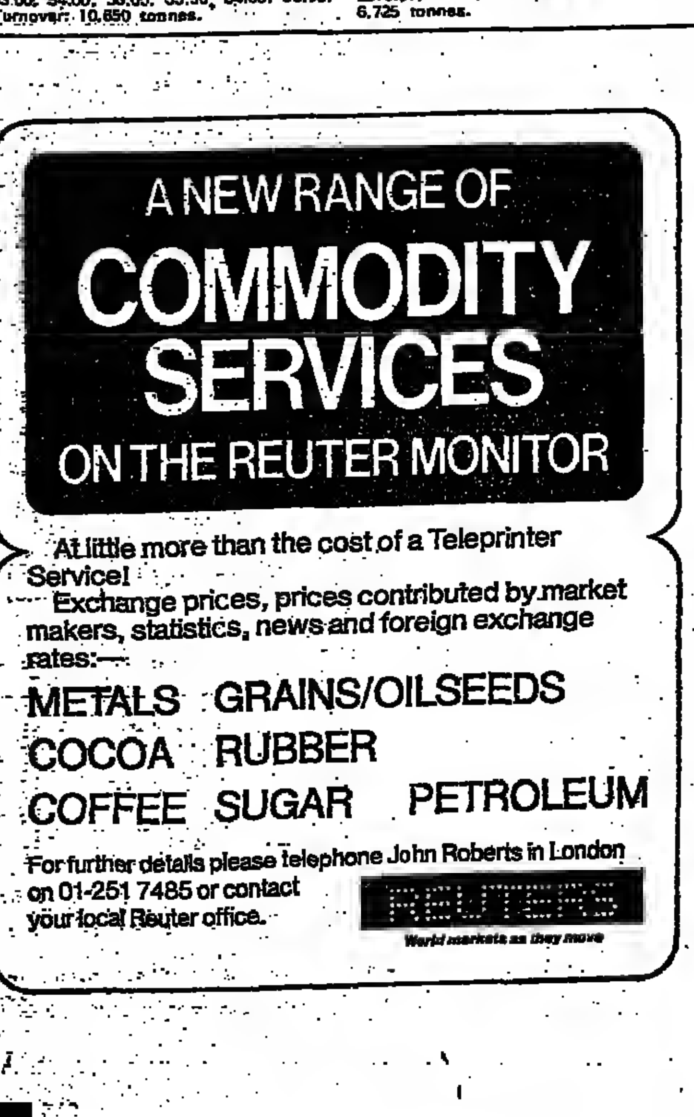
Dow Jones	Feb. 2	Feb. 3	Month ago	Year ago
Spot	128.46	127.87	126.74	—
Futr's	156.40	155.75	152.36	—

(Base: December 31, 1974=100)

REUTERS

Feb. 4	Feb. 3	M'nth ago	Year ago
1627.5	1627.7	1603.5	1687.3

(Base: September 18, 1931=100)



Gilt-edged continue to advance but equity leaders lose impetus after Lucas Aerospace redundancies

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22

* "New time" dealings may take place from 3.30 am two business days earlier.

In London stock markets yesterday, Government stocks replaced early falls with net rises and leading shares closed easier on balance but above the day's lowest. Interest rate trends remained the dominating influence. Discouraging U.S. developments via a higher overnight Federal Funds' rate with its indication of a possible official move towards tighter credit, thoughts about which lowered Wall Street values late on Wednesday, introduced a note of caution after the previous day's good advance.

Investment enthusiasm was not completely stifled. Sterling's continued stability against all major currencies, unaltered UK money market rates and slightly easier European levels, rekindled interest, especially for Gilt-edged securities. Quotations here soon regained early losses, usually of ½, and went higher in markets still trading thinly owing to stock shortages.

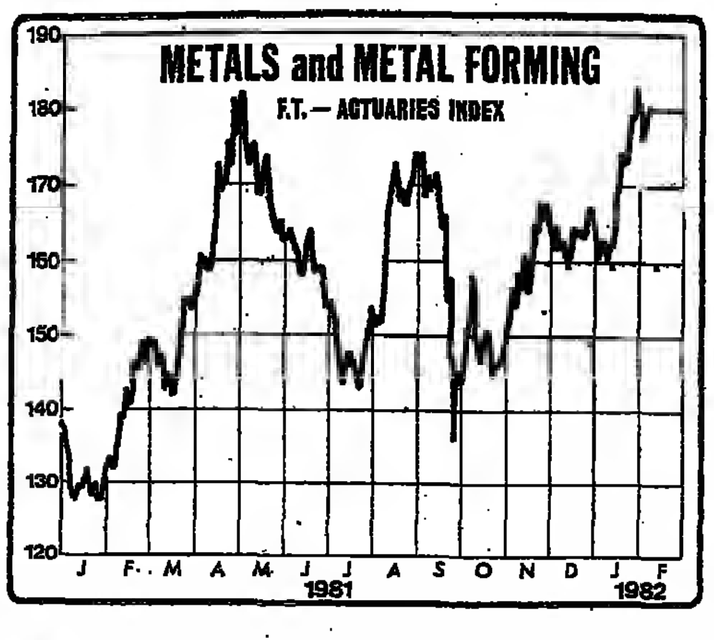
The announcement later of a highly satisfactory third-quarter Public Sector Borrowing Requirement assisted the firmness as did late reports that moves are afoot to reduce U.S. interest rates. Longer-dated stocks settled with net gains extending to ½, while the shorter end of the market, which has tended to lag recently, was more impressive with rises up to ⅝.

One or two sizeable institutional orders for selected first-line industrials quickly put leading shares on a more stable footing. The tone was looking quite promising before the announcement of the redundancies at *Lucas Aerospace* cast a shadow. Markets then turned indecisive. The downdrift was eventually halted by a firmer Wall Street trend early yesterday and even weak issues such as Lucas Industries, Smiths Industries, Hawker Siddeley, British Aerospace and Dowty, closed above the worst.

Major trading announcements were scarce, but Composite Insurances reacted on fears of a premium price-cutting campaign. Illustrating the morning change in sentiment, the FT Industrial Ordinary share index lost a marginal 11.00 am rise to stand 4.8 off three hours later before closing a net 3.0 down at 574.8.

Insurances dull

Composite Insurances took a turn for the worse with sentiment soured by Press reports of a premium price war. **Sun Alliance** fell 11 to 862p and **Phoenix** 8 to 236p, while **Royals** dipped 7 to 356p. **General Accident** closed 6 lower at 308p.



Barclays hardened 2 more making a two-day gain of 12 to 470p following the bank's decision to raise £100m through the placing, at par, of a 25-year 16 per cent unsecured loan stock. Other major clearers trended lower with **Lloyds** closing 8 down at 460p; the annual figures are due on February 19. Elsewhere, **Smith St Aubyn** continued to rally, improving 4 more at 42p, but falls of 5 were seen in **Gillett Bros.**, 187p, and **Union**, 455p. Merchant banks featured **Manson Finance**, 4 dearer at 78p, and **Hambros**, 5 to the good at 150p. **Guinness Peat** softened a couple of pence to 75p.

Cornell wanted

Arthur Guinness, down to 72p in the early business, rallied to close only a net penny lower at 74p following the deputy chairman's mildly bullish statement at the annual meeting. In contrast, **Matthew Brown**, 174p, and **Vaux**, 127p, eased a few pence apiece after bearish statements at the respective AGMs; sentiment in the latter was also affected by the purchase of the London International hotel from **Grand Metropolitan** for £7.7m. Grand Metropolitan ended 4 cheaper at 199p.

Recently firm leading Buildings closed easier for choice, but selected second liners attracted further support. **John Laing** firmed 3 to 73p, while demand in a thin market lifted **Roberts Adlard** 15 to 123p. Press comment stimulated interest in **W. and J. Glossop**, which put on 6 to 82p, while the appearance of a solitary buyer left **British Tar Products** 2 dearer at 45p. **Y. J. Lovell**, marked down to 268p in immediate response to the £3.6m rights and scrip issue proposals, rallied on bear closing to close just a penny cheaper on balance at 274p.

Croda International jumped 10 to 84p and the Deferred 6 to 54p following the low level of acceptances to Burmah's bid for the company and the subsequent forecast from Croda of a near-87 per cent dividend increase for the current year. Burmah held at 110p. **ICI** closed 2 cheaper on balance at 338p, after 342p.

Leading Stores held up relatively well and closed a shade firmer for choice. **Burton**, 154p, and **Debenhams**, 81p, hardened 2 apiece, while **House of Fraser** rose 4 more to 162p. **Gussies "A,"** however, turned easier and shed 6 at 490p. Secondary issues were featured by **Cornell Dresses**, which rose 12 to 172p on speculative support. **Vantona** returned to favour and gained 7 to 132p, while newsagents featured **John Menzies**, 6 dearer at 238p.

In complete contrast to the previous day's buoyancy, the Electrical leaders drifted lower yesterday as buyers withdrew and profit-taking left modest reactions. After moving between extremes of 847p and 840p, **GEC** ended a few pence off at 842p, while **Racal** dipped 5 to 383p and **Thorn EMI** softened the turn to 467p, after 465p. **Amstrad** added 15 afresh to 220p on hopes of good half-year figures next Tuesday. **Normand** added 2 for a two-day advance of 13 to 54p on the bid from P. C. Henderson, 7 dearer at 152p. Gains of 8 and 9 respectively were seen in **Scan Data**, 98p, and **Sonic Tape**, 51p, both nominal markets, while **United Scientific** appreciated 17 to 607p.

Blundell pleases

With the exception of **Vickers**, which met selling and closed 6 cheaper at 167p, leading engineers ended only a shade lower after a slow trade. Scattered support was again forthcoming for secondary issues, although gains were less numerous than of late. Renewed demand lifted **F. H. Lloyd** 3 more to 40p and **IMI** 1½ further to 66½p. **Clayton Son** were noteworthy for a rise of 6 to 72p, while **Expanded Metal**, still reflecting the sale of a subsidiary, improved 4 more to 72p.

Interest in Foods subsided. The leaders closed easier for choice, but selected secondary issues retained a firm appearance. **Amos Hinton** rose 8 to a 1981/82 peak of 278p and **Lennons** added 3 to 54p.

Blundell-Permoglaze stood out in miscellaneous industrials rising 14 to 107p in response to the better-than-expected *preliminary results*. **Securicor** *firmed* 7 more to 212p and the A 9 further to 212p following renewed support ahead of Wednesday's annual figures. Still reflecting hopes of a counter-bid, **Arthur Holden** edged forward a penny more to 190p to stand 10 above ICI's cash offer. Demand of a similar nature enabled **J. Bibby** to move up 5 at 320p, while **AAA Industries** put on 4 to 34p. News of the sale of the company's factory in Dorset for £0.8m helped **Caravans International** to harden a couple of pence to 24p, and **Ropner A** rose 7 to 207p on further consideration of the capital proposals. **Enrco Dean**, in which Charente Steam-ship owns a near-26 per cent stake, hardened 2 to 48p. **Stonehill** eased only a penny to 98p following the halved interim dividend and sharp profits contraction, while **Pritchard Services** lost 9 to 186p on profit-taking. The leaders plotted an irregular course in moderate trading. **Glaxo** shed 6 to 476p and **Beecham** 4 to 349p but **Metal Box** improved 3 to 181p and **Reckitt and Colman** 6 to 292p.

Nimslo attracted U.S. buying and call option business in the wake of its camera marketing deal with *Timex Corporation and* gained 10 more to 175p. Elsewhere in the Leisure sector, **Saga Holidays**, a neglected market recently, rose 6 to 156p.

Falling demand for the group's aerospace products and the resultant 1,050 redundancies at the Burnley factories prompted heavy selling of **Lucas**, which fell to 216p before closing 9 down on balance at 220p; sentiment was also unsettled by a number of leading brokers subsequently downgrading profit forecasts for the current year. Other concerns with aerospace activities also displayed sizable losses. **Smiths Industries** shed 10 to 355p, after 348p, while similar falls were noted for **Hawker Siddeley**, 340p, and **British Aerospace**, 195p. **Dowty**, interim results expected next Thursday, finished 5 cheaper at 128p. Motor Distributors held quietly firm. **Glanfield Lawrence** rose 3 to 51p in response to the reduced full-year deficit, while **Braid** firmed a penny to 40p after acquisition news.

Properties closed narrowly mixed. After the previous day's gain of 3 on vague bid talk, **British Land** touched 91p before closing a net penny dearer at 90p. **Slough Estates** attracted support and firmed 3 to 135p, but **Samuel** shed that much, to 99p.

Oils give ground

Still reflecting the current glut in crude, Oil shares were further unsettled by a report that the Saudi Government has ruled out any further reduction in the 8.5m b/d production ceiling. **British Petroleum** closed a couple of pence above the day's lowest with a fall of 6 at 290p, while **Shell** closed similarly lower at 372p. **Lasmo** weakened 16 to 364p, while **Ultramar** fell 13 to 422p. Among the exploration issues, **Sun (UK)** weakened 30 to 310p in a difficult market.

Among Financials, **R. P. Martin** were again supported, and rose 18 to 358p, along with **Mills and Allen**, which improved 10 more to 538p. Other good spots included **English Association**, 195p, and **Fashion and General**, 220p, also 10 higher. **Hambro Trust** rose 7 to 137p, but **Smith Bros.**, reflecting the half-year loss and reduced interim dividend, reacted 4 to 37p.

Shippings were enlivened by a revival of bid speculation in **Lofs**, which advanced to 65p before settling 2 higher on the day at 62p.

In Textiles, **Highams** continued to make good progress on speculative support and closed 7 up for a two-day gain of 11 at 53p, while **Munton** added a penny to 29p on further consideration of the first-half results and the acquisition of Lillygould.

Bats, 9 up at 412p, drew further strength from the recent re-rating coupled with the improved trading performance of the group's Brazilian subsidiary.

Golds advance

The strength of the bullion price—finally $6 firmer at $384.50 an ounce—encouraged sharp gains in South African Golds.

The sharemarket got off to a bright start as initial buying from Johannesburg found the London market short of stock. Prices moved up accordingly but began to ease off around mid-day on light profit-taking.

However, the emergence of American buying in after-hours' trading pushed prices up to the day's best at the close. The Gold Mines index rose 9.9 to 292.6.

Heavyweights were featured by **Vaal Reefs**, a point higher at £34½, while gains in excess of ½ were common to **Driefontein**, £11¾, **Southvaal**, £15¾, and **President Brand**, £18.

Witwatersrand Nigel, sharply lower on Wednesday following the curtailment of mining operations, closed a fraction firmer at 45½p.

South African Financials made good progress in sympathy with Golds. "**Amgold**" added almost a point to £37½ and *Anglo American Corporation* moved up 10 to 650p.

London Financials were narrowly mixed, with gains in precious and base-metals being offset by the downturn in UK equities.

Minor gains in overnight Sydney and Melbourne markets coupled with the firmness of metal prices encouraged widespread, although generally modest, rises in Australians.

MIM Holdings put on 7 to 187p.

Traded options attracted 2,570 contracts—2,153 calls and 417 puts. Once again, call activity was dominated by **Imperial** which recorded an exceptionally active 1,257 deals, 814 of which were struck in the popular May 80 series. **Grand Metropolitan** and **ICI** recorded 293 and 243 calls respectively.

FINANCIAL TIMES STOCK INDICES

	Feb. 4	Feb. 3	Feb. 2	Feb. 1	Jan. 29	Jan. 28	A year ago
Government Secs.	64.95	64.72	64.40	64.65	65.15	64.65	69.33
Fixed Interest	64.97	64.64	64.42	64.25	65.30	64.68	71.12
Industrial Ord.	574.8	578.0	571.0	572.0	579.2	573.8	472.0
Gold Mines	292.6	283.7	281.8	288.2	293.5	284.8	307.6
Ord. Div. Yield	5.33	5.22	5.35	5.35	5.28	5.34	7.56
Earnings, Yld.% (full)	9.57	9.47	9.56	9.57	9.45	9.56	16.90
P/E Ratio (net) (*)	13.23	13.40	13.25	13.26	13.43	13.27	7.23
Total bargains	12,335	21,168	22,342	20,899	20,560	12,194	21,454
Equity turnover £m.	—	175.15	144.47	138.65	190.95	140.23	121.29
Equity bargains	—	17,107	18,573	18,562	12,022	15,326	16,226

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
10 am 575.7. 11 am 578.5. Noon 576.2. 1 pm 573.5.
2 pm 573.2. 3 pm 573.7.
Latest Index 01-246 8026.
*Nil=11.82.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.12 (3/1/75)
Fixed Int.	76.01 (20/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	439.0 (14/3/81)	262.8 (29/6/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 3	Feb. 2
—Daily		
Gilt Edged Bargains	185.8	211.0
Equities Bargains	110.8	120.5
Equities Value	354.0	222.0
5-day Avrge.		
Gilt Edged Bargains	196.4	196.9
Equities Bargains	113.6	115.6
Equities Value	312.5	327.6

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+or—	Div.	Times covered	Gross yield	P/E ratio
430	F.P.	12/2	50	29½	Asset Special 10p	29½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	12/2	92	88	Baillie Gifford Jn Tst.	88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	335	315	Eldridge Pope £1	332	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80	F.P.	15/1	84	81	Equipu 10p	82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	10	7	F & C Enter. Warrants	7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
56½	F.P.	26/2	63	58½	Fledgeling Invs.	62½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
150	F.P.	4/1	165	156	Haytors £1	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	55	52	Malaysian Tin 5p	53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US$5.50	F.P.	12/2	305	260	Newmarket (1981) 5c	272	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
110	F.P.	10/12	18½	14	Owners Abroad 10p	17½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	12	4½	Peak Hldgs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
115	F.P.	29/1	135	117	Speyhawk 10p	126	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	5	3½	Viners 1p	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	F.P.	19/2	51	47	York Mount	51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+or—
**	F.P.	12/3	97	86	Habitat 9½% Conv. Uns. Ln. '98-2001	97	[illegible]
—	F.P.	26/2	112	102	Haslemere Est 9pc Conv Uns Ln. 1991/96	112	[illegible]
*12½	£10	18/6	13	12	Mid-Kent Water 9½% Red. Prf. 1987	12	[illegible]
§100	F.P.	—	100	99	Nat'wide Bdg. Society 15% Bds (24/11/82)	99¼	[illegible]
§100	F.P.	—	100	99¼	Do. 15¼% Bds 13/12/83	[illegible]	[illegible]
§100	F.P.	—	100¼	99¼	Do. 16¼% (7/2/83)	[illegible]	[illegible]
§100	F.P.	—	100¼	100	Do. 16⅜% (7/2/83)	100¼	[illegible]
—	F.P.	—	117	105	Vickers 10% Cnv. Loan 1985	117	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+or—
2.5A$	Nil	—	22pm	50pm	C & R A81	[illegible]	[illegible]
15	F.P.	26/1 17/2	21pm	18	Carlton Real Ests. 10p	[illegible]	[illegible]
140	Nil	—	16pm	[illegible]	Davy Corp.	[illegible]	[illegible]
60	Nil	12/2 5/3	30pm	20pm	Glover	[illegible]	[illegible]
R.2	Nil	—	35pm	30pm	Griqualand 5 cts	[illegible]	[illegible]
25	F.P.	26/1 12/2	60	52	I.C.L.	[illegible]	[illegible]
160	F.P.	29/1 26/2	256	212	Kwik Save 10p	[illegible]	[illegible]
44	F.P.	21/1 12/2	53	48	Lamont Grp. 10p	[illegible]	[illegible]
188	Nil	11/2 26/3	38pm	30pm	MEPC	[illegible]	[illegible]
60	F.P.	12/1 19/2	66	58	Wearwell 5p	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible] capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ✱ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	470	+2	GEC	842	−3
Beristord (S. & W.)	136	+4	IMI	66½	+1½
Blundell-Permoglaze	107	+14	ICI	338	−2
Dowty	128	−5	Imperial Group	79½	+0½
British Land	90	+1	Lucas Inds.	220	−9
Fisons	245	—	Rothmans	82	+0½

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
BAT Inds.	22	403	+13	Barclays	12	468	+10
GEC	21	845	+5	B. H. Prop.	12	540	—
Beecham	12	253	+7	LASMO	12	380	+5
BICC	17	322	+11	Thorn EMI	12	468	+11
RTZ	14	468	+12	Fisons	11	245	+3
ICI	12	340	+2	Inchcape	11	338	+6
Nimslo Intnl.	13	165	+12	NatWest Bank	11	430	+4

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 3, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	6.3996
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.2615
	Sp. Peseta	98.12
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (f) (4)	10050.00
Australia	Dollar	0.915
Austria	Schilling	16.445
Azores	Port. Escudo	68.40
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	92.12
Bangladesh	Taka	20.45
Barbados	Dollar	2.01
Belgium	Franc (C)	39.97
	Franc (F)	44.53
Belize	Dollar	2.00
Benin	C.F.A. Franc	298.075
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.1324
Bolivia	Peso	24.76
Botswana	Pula	0.8935
Brazil	Cruzeiro	134.10
Brunei	Dollar	2.0926
Bulgaria	Lev	0.935
Burma	Kyat	6.4515
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	298.075
Canada	Dollar	1.2053
Canary Is.	Sp. Peseta	99.12
Cape Verde Is.	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	298.075
Chad	C.F.A. Franc	298.075
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.81
Colombia	Peso (O)	59.84
Comoros	C.F.A. Franc	298.075
Congo P'ple Rep. of	C.F.A. Franc	298.075
Costa Rica	Colon (O)	8.60
	Colon	57.09
Cuba	Peso	0.8001
Cyprus	Pound*	2.2877
Czechoslovakia	Koruna (O)	6.85
Denmark	Krone	7.6602
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	24.75
Egypt	Pound* (O)	1.4425
	Pound* (3)	1.2107
El Salvador	Colon	2.50
Eq'l Guinea	Ekuele	198.24
Ethiopia	Birr (O)	2.0396
Faeroe Is.	Dan. Krone	7.6662
Falkland Is.	Pound*	1.2705
Fiji	Dollar	0.8944
Finland	Markka	4.475
France	Franc	5.9615
Fr. C'ty in Af.	C.F.A. Franc	298.075
Fr. Guiana	Franc	5.9616
Fr. Pac. Is.	C.F.P. Franc	101.577
Gabon	C.F.A. Franc	298.075
Gambia	Dalasi	2.1385
Germany (E)	Ostmark (O)	2.3435
Germany (W)	Mark	2.3435
Ghana	Cedi	2.75
Gibraltar	Pound*	1.2705
Greece	Drachma	60.26
Greenland	Dan. Krone	7.6662
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	5.9815
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.6276
Guinea Rep.	Syli	21.6712
Guyana	Dollar	2.9921
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.875
Hungary	Forint	34.4227
Iceland	Krona	9.439
India	Rupee	9.1342
Indonesia	Rupiah	348.00
Iran	Rial (O)	78.00
Iraq	Dinar	0.2963
Irish Rep	Punt*	1.5017
Israel	Shekel	16.28
Italy	Lira	1254.32
Ivory Coast	C.F.A. Franc	298.075
Jamaica	Dollar	1.7834
Japan	Yen	233.10
Jordan	Dinar	0.3363
Kampuchea	Riel	n.a.
Kenya	Shilling	10.4831
Kiribati	Aust. Dollar	0.915
Korea (Nth)	Won	0.94
Korea (Sth)	Won	708.00
Kuwait	Dinar	0.2846
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.812
Lesotho	Loti	0.9785
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.2775
Luxembourg	Lux Franc	38.97
Macao	Pataca	6.1071
Madagascar D. R.	Franc	298.075
Madeira	Port. Escudo	68.40
Malawi	Kwacha	0.9142
Malaysia	Ringgit	2.2225
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	526.15
Malta	Pound*	2.6245
Martinique	Franc	5.9615
Mauritania	Ouguiya	42.24
Mauritius	Rupee	10.9757
Mexico	Peso	26.52
Miquelon	Fr. Franc	5.2515
Monaco	Fr. Franc	5.5615
Mongolia	Tugrik (O)	3.5555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirhem	5.5763
Mozambique	Metica	29.4841
Namibia	S.A. Rand	0.9788
Nauru Is.	Aust. Dollar	0.912
Nepal	Rupee	15.20
Netherlands	Guilder	2.569
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2522
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	292.075
Nigeria	Naira (O)	0.6512
Norway	Krone	6.909
Oman, Sultanate of	Rial	0.3458
Pakistan	Rupee	10.245
Panama	Balboa	1.00
Papua N.G.	Kina	0.7048
Paraguay	Guarani	126.00
Peru	Sol	529.21
Philippines	Peso	8.2655

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.2622
Poland	Zloty (O)(5)	80.00
Portugal	Escudo	68.40
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6387
Reunion Ile de la	Fr. Franc	2.9615
Romania	Leu (O)	4.47
Rwanda	Franc	28.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.8705
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.9615
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.8865
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1254.52
Sao Tome & Principe DR	Dobra	32.7249
Saudi Arabia	Riyal	3.4095
Senegal	C.F.A. Franc	298.075
Seychelles	Rupee	7.3038
Sierra Leone	Leone	1.20
Singapore	Dollar	2.0925
Solomon Is.	Dollar	0.937
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.2725
Spain	Peseta	99.12
Span. Ports in N. Africa	Sp. Peseta	99.13
Sri Lanka	Rupee	20.65
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9785
Sweden	Krone	5.7025
Switzerland	Franc	1.2775
Syria	Pound	3.9262
Taiwan	Dollar (O)	37.00
Tanzania	Shilling	8.1522
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	228.075
Tonga Is.	Pa'anga	0.215
Trinidad & Tobago	Dollar	2.4065
Tunisia	Dinar	0.5222
Turkey	Lira	135.03
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.915
Uganda	Shilling	72.00
Utd. A'b. Emir.	Dirham	3.6732
Utd. Kingdom	Pound Sterling*	1.8705
Upper Volta	C.F.A. Franc	298.075
Uruguay	Peso	11.71
U.S.S.R.	Rouble	0.7648
Vanuatu	Vatu	26.3472
	Aust. Dollar	0.915
Vatican	Lira	1254.32
Venezuela	Bolivar	4.225
Vietnam	Dong (O)	2.12
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	44.2803
Zaire Rp.	Zaire	5.574
Zambia	Kwacha	0.8222
Zimbabwe	Dollar	0.722

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina—Commercial and Financial rate combined 30/12/81. (5) Poland—Official rate 80 effective 1/1/82.
(6) Somali: Parallel exchange rates introduced 1st July—for essential imports. (7) Somali: Exports and Non Essential Imports and Travelers.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (73)

CORPORATION LOANS (1)
LCC 5¾pc '82-84
AMERICANS (1)
Colgate-Palmolive
BANKS (1)
NatWest
BUILDINGS (5)
Costain; Laing (J.); Jarvis (J.); RMC; Whatlings
CHEMICALS (5)
Blagden & Noakes; Brit. Tar; Croda Int.; Croda Int. Defd.; Laporte Inds.
STORES (2)
Burton Group; Heelamat
ELECTRICALS (5)
Berec; Cambridge Elec.; Electrocomponents; Normand Elec.; Sonic Tape
ENGINEERING (4)
Acrow; Expanded Metal; Hill & Smith; Weir Group
FOODS (3)
Glass Glover; Hinton (A.); Singlo
INDUSTRIALS (19)
Beatson Clark; Marshall (Loxley) A; Blundell-Permoglaze; Moss (Robert); Bridon; Photo-Me; Burco Dean; Sandhurst Mktg.; Dyson (J. & J.); Securicor; Do. A; Do. A N Vtg.; Halma; Security Srvs. A N/V; Holder (A.); Vinten; Initial Services; Wolverhptn. Steam; J. B. Holdings
LEISURE (2)
Intasun; Saga Holidays
MOTORS (4)
Reliant Motor; Dorada; Braid Group; Glanfield Lawrence
PAPER (3)
Capseals; Good Relations; Mills & Allen
PROPERTY (1)
Beazer (C.H.)
SHIPPING (2)
TEXTILES (2)
TOBACCOS (1)
TRUSTS (11)
OVERSEAS TRADERS (1)

NEW LOWS (8)

AMERICANS (1)
INDUSTRIALS (1)
OIL AND GAS (4)
MINES (2)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	75	3	14
Corpns., Dom. and Foreign Bonds	12	2	45
Industrials	300	213	844
Financial & Props.	114	87	311
Oils	10	55	45
Plantations	3	2	19
Mines	73	10	84
Others	32	52	58
Totals	626	430	1,420

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 1	Feb 12	May 13	May 24
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28

For rate indications see end of Share Information Service

Calls were taken out in Singlo, Nimslo, ICL, Shell Transport, Empire Stores, Associated Fisheries, BP, French Kier, Town and City Properties, Oil Co. of Australia, Lofs, Westminster Property, ICL, Lonrho, European Ferries, Mitel Boustead and Ultramar. Puts were done in LRC and Town and City Properties, while doubles were completed in Fisons and William Press.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Feb 4 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Feb 3 Index No.	Tues Feb 2 Index No.	Mon Feb 1 Index No.	Fri Jan 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	379.32	−0.5	9.85	4.19	13.76	381.29	375.09	378.70	381.21	290.35
2	Building Materials (25)	337.78	−0.7	13.30	5.13	8.59	340.14	333.69	338.06	337.77	258.61
3	Contracting, Construction (28)	593.62	+0.1	15.67	4.77	7.46	592.84	588.09	597.54	596.71	493.87
4	Electricals (31)	1283.11	−0.5	7.16	2.24	17.85	1289.88	1276.38	1276.80	1290.05	962.21
5	Engineering Contractors (9)	520.68	+0.4	12.13	5.62	9.64	518.80	512.63	515.09	515.71	398.85
6	Mechanical Engineering (67)	202.39	−1.3	10.39	5.40	12.25	205.08	201.57	202.96	204.92	170.12
8	Metals and Metal Forming (12)	180.30	+0.5	6.74	6.75	20.81	179.38	176.11	180.18	182.98	131.73
9	Motors (21)	100.78	−1.6		6.61	—	102.40	101.13	101.41	101.92	86.20
10	Other Industrial Materials (17)	408.71	+0.1	7.74	5.61	16.02	408.42	400.11	406.62	407.07	291.01
21	CONSUMER GROUP (198)	294.99	−0.1	12.32	5.61	9.97	295.35	291.12	292.66	296.15	240.04
22	Brewers and Distillers (21)	289.65	−0.8	16.21	6.74	7.42	291.96	284.99	286.24	290.55	265.83
25	Food Manufacturing (21)	283.74	−0.3	14.75	6.02	8.14	284.50	281.96	283.83	287.19	218.48
26	Food Retailing (15)	590.65	−0.5	9.10	3.38	13.38	593.80	590.43	587.13	597.32	464.62
27	Health and Household Products (7)	392.44	−1.0	7.97	4.08	14.75	396.37	388.75	392.32	395.25	261.58
29	Leisure (24)	445.60	+0.1	9.04	4.96	13.95	445.38	439.45	447.61	445.13	347.48
32	Newspapers, Publishing (12)	498.22	—	12.10	6.05	10.96	498.16	497.10	500.22	498.98	433.12
33	Packaging and Paper (13)	143.75	+0.8	14.19	7.50	8.40	142.63	140.80	144.45	145.44	115.22
34	Stores (45)	270.70	+0.2	10.65	4.99	12.55	270.18	266.60	268.35	271.99	254.42
35	Textiles (23)	168.49	−0.4	9.44	5.88	13.66	169.20	167.93	169.96	170.74	129.19
36	Tobaccos (3)	298.04	+1.7	19.42	8.75	5.91	292.98	284.37	284.79	289.63	236.48
39	Other Consumer (14)	280.27	−0.8	6.85	6.45	24.17	282.56	279.76	285.13	278.51	251.29
41	OTHER GROUPS (79)	258.57	+0.1	10.02	5.40	12.63	258.27	255.14	255.40	257.85	213.99
42	Chemicals (16)	345.87		5.75	5.26	26.01	345.95	343.84	348.19	344.39	277.38
44	Office Equipment (4)	131.17	+0.3	13.11	6.95	9.16	130.80	130.03	130.51	131.08	102.54
45	Shipping and Transport (13)	584.52	+0.4	18.33	6.32	6.49	582.24	572.49	573.72	583.37	546.49
46	Miscellaneous (46)	319.08	+0.1	11.42	5.87	10.66	318.63	312.82	316.70	318.13	261.17
49	INDUSTRIAL GROUP (487)	319.02	−0.2	10.77	5.05	11.50	319.78	315.32	317.86	320.38	255.79
51	Oils (13)	665.89	−1.9	20.76	8.34	5.46	678.89	692.73	697.98	705.39	875.09
59	500 SHARE INDEX	348.88	−0.5	12.34	5.55	9.80	350.61	348.07	348.66	351.81	304.87
61	FINANCIAL GROUP (117)	258.86	−0.5	—	5.87	—	260.05	257.22	257.56	258.55	230.34
62	Banks (6)	284.72	−0.4	31.65	6.64	3.69	285.75	282.07	281.28	286.80	229.32
63	Discount Houses (9)	232.48	−0.5	—	9.89	—	233.60	232.19	235.00	236.42	305.97
65	Insurance (Life) (9)	258.85	−0.4	—	6.19	—	259.95	256.57	256.32	257.87	264.67
66	Insurance (Composite) (10)	158.56	−1.7	—	8.45	—	161.27	158.49	157.63	160.63	154.09
67	Insurance Brokers (7)	436.98	−0.2	10.18	5.22	13.27	437.90	435.12	439.29	442.98	318.06
68	Merchant Banks (12)	154.50	+1.1	—	5.28	—	152.81	150.94	153.36	152.82	148.42
69	Property (49)	459.64	−0.2	4.64	3.20	28.79	460.50	459.83	461.43	465.00	467.10
70	Other Financial (15)	188.32	+0.4	15.38	5.75	7.95	187.62	185.32	186.55	186.42	170.96
71	Investment Trusts (112)	317.08	+0.2	—	5.10	—	316.35	312.77	317.27	314.48	276.84
81	Mining Finance (4)	241.71	—	14.26	5.88	8.44	241.76	235.96	240.22	241.60	284.19
91	Overseas Traders (17)	435.26	+0.1	11.89	7.31	10.31	434.99	426.36	434.22	435.60	403.82
99	ALL-SHARE INDEX (750)	328.72	−0.4	—	5.61	—	330.12	325.87	327.88	330.05	290.91

FIXED INTEREST

	PRICE INDICES	Thur Feb 4	Day's change %	Wed Feb 3	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	107.85	+0.17	107.67	—	1.07
2	5-15 years	103.49	+0.32	103.16	—	1.40
3	Over 15 years	106.19	+0.34	105.82	—	0.53
4	Irredeemables	114.77	+0.14	114.61	—	0.00
5	All Stocks	105.50	+0.28	105.21	—	1.00
6	Debentures & Loans	81.54	+0.03	81.52	—	0.89
7	Preference	64.20	−0.16	64.30	—	0.40

	AVERAGE GROSS REDEMPTION YIELDS		Thur Feb 4	Wed Feb 3	Year ago (approx.)
	British Government				
1	Low	5 years	12.61	12.88	11.55
2	Coupons	15 years	13.58	13.62	12.26
3		25 years	13.35	13.39	12.36
4	Medium	5 years	15.27	15.33	13.56
5	Coupons	15 years	15.38	15.16	13.78
6		25 years	14.55	14.68	13.61
7	High	5 years	15.41	15.47	13.32
8	Coupons	15 years	15.24	15.29	14.02
9		25 years	14.91	14.95	13.82
10	Irredeemables†		12.98	13.00	11.49
11	Debs & Loans	5 years	16.29	16.41	14.34
12		15 years	16.11	16.11	14.01
13		25 years	16.00	15.95	14.01
14	Preference		15.58	15.55	14.42

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	58.9	63.4xd	-0.7	2.20
Capital	[illegible]	43.7	+0.2	[illegible]
(Accum. Units)	[illegible]	[illegible]	+0.2	[illegible]
General	[illegible]	[illegible]	[illegible]	[illegible]
Gilt & Fixed Int.	99.3	104.3	-0.1	12.54
Income	[illegible]	[illegible]	+0.3	[illegible]
Worldwide Bond	106.4	110.9	+0.2	[illegible]
Inv. Tst. Fd.	[illegible]	[illegible]	+0.2	[illegible]
Equitas Prog.	[illegible]	[illegible]	+0.1	[illegible]

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314
AHR Gilt Trust 87.0 92.0 +0.2 13.20

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	96.2	102.9	+0.2	5.26
Brit. Inds. Fund	92.7	[illegible]	+0.3	[illegible]
Growth & Income	[illegible]	[illegible]	+0.2	[illegible]
Elect. & Ind. Dev.	[illegible]	[illegible]		[illegible]
Allied Capital	104.4	111.7	+0.2	4.47
Hambro Fund	142.8	[illegible]	+0.3	[illegible]
Hambro Acc. Fund	208.4	[illegible]	+0.4	[illegible]

Income Funds

High Yield Fd.	71.7	76.7	+0.3	8.29
High Income	[illegible]	[illegible]	+0.2	[illegible]
Equity Income Fd.	[illegible]	[illegible]	+0.1	[illegible]
Govt. Secs.	23.8	24.4		[illegible]

International Funds

International	34.7	37.1xd	-0.1	2.85
Japan Fund	[illegible]	[illegible]	-0.1	[illegible]
Pacific Fund	[illegible]	[illegible]	-0.2	[illegible]
Secs. Of America	[illegible]	[illegible]	-0.5	2.22

Specialist Funds

Smaller Co.'s Fd.	59.9	64.1xd	+0.2	3.67
2nd Smlr. Co's Fd.	75.7	[illegible]	+0.3	[illegible]
Recovery	[illegible]	[illegible]	+0.2	[illegible]
Met. Min. & C'dty.	[illegible]	[illegible]	+0.1	[illegible]
Overseas Earnings	82.4	88.2xd	+0.1	4.77

Exempt Funds

[illegible]

Choularton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	36.0	37.2	+0.1	3.80
International	62.9	68.0	+0.6	1.19
High Income	29.2	31.5xd	+0.1	11.24

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282
Growth Fund 78.9 83.0 ---- 5.62

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.7	40.1xd	+0.3	11.12
North American	57.2	[illegible]	-0.4	2.74
Canadian Exempt*	[illegible]	[illegible]		[illegible]
Canadian Trust	[illegible]	[illegible]	-0.3	[illegible]
Mid Mount High Inc.*	[illegible]	[illegible]		[illegible]
Recovery	[illegible]	[illegible]	-0.1	[illegible]
Gilt Trust	[illegible]	39.9xd	+0.2	13.29

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	40.5	43.7	+0.2	0.57
Cres. Internat'l.	[illegible]	[illegible]	-0.1	[illegible]
Cres. High. Dist.	[illegible]	[illegible]	+0.2	9.30
Cres. Reserves	[illegible]	57.5xd	+0.1	5.28
Cres. Tokyo	40.1	43.3	-0.1	0.29

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324
Total Perf. Unit Tst. 23.0 24.6 ---- 7.23

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485
Disc. Inc. Jan 22 255.8 272.8 ---- 4.90

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Growth	23.0	24.6	+0.1	7.58
Special Sits.	25.8	27.4	----	2.89

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.6	22.0xd	----	7.91
Gt. Winchester O'seas	31.3	34.7	----	3.60

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		Public Board and Ind.				
64	57¼	Agric. Mt. 5pc '59-89	61¼	+1¼	8.11	15.38
29½	23¾	Met. Wtr. 3pc 'B'	25¾xd	+¼	11.55	15.97
114	97	U.S.M.C. 9pc 1982	103	......	8.74	—
97¾	91	Do. without Warnts.	97½	......	9.23	—
		Financial				
101½	94¾	FFI 14pc '83	98	+⅛	14.29	15.23
97	88½	FFI(UK Fn)5½pcDb. '80-2	96½	......	5.81	15.30
83½	77	Do. 6¼pcDb. '81-84	81½	......	7.81	15.33
93	82½	Do. 10½pc Uns.Ln. '86	85½	......	12.43	16.80
92	78	Do. 11pc Uns.Ln. '88	81½	......	13.67	15.40
92	78	Do. 11¾pc Uns.Ln. '90	82	......	14.53	16.10
94½	78½	Do. 12¾pc Un. Ln. 1992	87½	......	15.11	16.00
64½	54	Do. 7¼pcADeb. '89-92	57	......	12.96	15.88
62	51½	Do. 7¼pcADeb. '91-94	56½	......	13.43	15.80
72½	59½	Do. 9pc 'A' '91-94	66	......	14.42	16.02
70	56½	Do. 8¾pcLn. '92-97	59xd	......	15.01	16.18
		Building Societies				
100¼	98⅛	N'wide 14¾pcBd11.8.82	99½	......	14.82	—
100½	98	Do. 14¼pc Bds 25.8.82	99¾	......	14.79	—
100½	98¼	Do. 15¾pc Bds. 29.9.82	99⅞	......	15.39	—
101¼	99¾	Do. 16¼pc Bds. 27.10.82	100½	......	16.17	—

FOREIGN BONDS & RAILS

1981/82 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	65	......	—	—
57	53½	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	£3.1
28	14	Chinese 4½pc 1898	16	......	—	—
22	11	Do. 5pc 1912	11	−1	—	—
18	8	Do. 5pc 1913	10	−1	—	—
16	9	Do. 5pc '25 Boxer	9½	......	—	—
45	36	Greek 7pc Ass.	44	[illegible]	[illegible]	[illegible]

AMERICANS

CANADIANS

COMMONWEALTH AND AFRICAN LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
100¼	92¼	Aust. 5½pc '81-82	100¼	......	5.99	15.69
88	82½	Do. 6pc 1981-83	88	......	6.90	14.33
67¼	57	N.Z. 7¼pc 1988-92	59½	+¼	12.31	15.25
81¼	74	Do. 7½pc '83-86	77	+¼	9.87	15.20
141	115	S. Rhod. 2½pc Non-Ass.	140	......	—	—
66	43	Do. 3½pc 80-85 Asstd.	66	......	5.42	16.80
43	26	Do. 4½pc 87-92 Asstd.	35xd	......	12.86	19.60
395	320	Zimbabwe Ann (£100pd)	350	......	—	24.47

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

INSURANCE

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
175	21	Anglo-Dominion	25	......	—	—	—
25½	12	Burma Mines 10p	14½	......	0.75	0.9	7.4
330	85	Colby Res. Corp.	300	......	—	—	—
330	200	Cons. Murch. 10c.	290	+10	Q60c	◆	11.0
10	5	‡‡Exploura Gold	7½	......	—	—	—
98	47	††Hemerdon 10c.	63	......	—	—	—
180	65	Highwood Res.	85	......	—	—	—
505	205	Northgate C$1	215	+5	—	—	—
633	372	R.T.Z.	466	−2	16.0	2.3	4.9
£130½	£93½	Do.9½%Cu.Ln.'95-2000	£106½	+½	Q9½%	—	f8.9
303	13	††SPO Minerals 10p	18	......	—	—	—
47	15	Sabina Inds. C$1	18	......	—	—	—
44	21	‡Southwest C. 10p	31	......	—	—	—
650	410	Tara Explo. $1	415	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 3 No par value.

Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	42	......	**IRISH**		
Bertrams	17	......	Conv. 9% '80/82	£98½	......
Bdg'wtr. Est. 50p	415	......	Nat. 9¾% 84/89	£64¾	......
Craig & Rose £1	£12¾	......	Fin. 13% 97/02	£72¾	......
Finlay Pkg. 5p	26	−½	Alliance Gas	70	......
Graig Ship. £1	£23	......	Arnott	220	......
Higsons Brew.	68	+5	Carroll (P.J.)	77	......
Holt (Jos) 25p	555	+5	Concrete Prods.	98	......
I.O.M. Stm. £1	132	......	Helton (Hldgs.)	25	−4
Pearce (C. H.)	£10¾	......	Irish Ropes	57	......
Peel Hldgs.	116	......	Jacob	60	−1
Sheff. Refrshmt	85	......	T.M.G.	14	......
Sindall (Wm.)	200	......	Unidare	55	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
Allied-Lyons	6½	I.C.I.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	15	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	30	Lloyds Bank	20	Land Secs.	30
Boots	18	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	0	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	7	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	21
Debenhams	7	P & O Dfd.	9	Charterhall	6
Distillers	16	Plessey	36	KCA	10
Dunlop	6½	Racal Elect.	34	Premier	7
Eagle Star	25	R.H.M.	7	Shell	23
F.N.F.C.	4	Rank Org. Ord.	14	Tricentrol	25
Gen. Accident	30	Reed Intnl.	23	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	32	Tesco	5	**Mines**	
Grand Met.	15	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	36	Trust Houses	12	Cons. Gold	40
Guardian	30	Tube Invest.	12	Lonrho	7
G.K.N.	12	Turner & Newall	7½	Rio T. Zinc	45
Hawker Sidd.	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday February 5 1982

Inquiry chairman sees Aslef leaders

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CONCERTED EFFORTS were made yesterday to coax the train drivers' union into co-operating with an independent inquiry into the British Rail pay and productivity dispute. BR is standing firm over the current strikes, despite mounting losses.

Lord McCarthy, chairman of the inquiry set up by the Advisory, Conciliation and Arbitration Service but which has yet to meet, met the executive of the Associated Society of Locomotive Engineers and Firemen, which has refused to give evidence to or attend the inquiry.

Mr Ray Buckton, Aslef general secretary, said he had invited Lord McCarthy to meet the executive to hear its reasons for refusing to co-operate. This raised speculation that the union might be prepared to attend the inquiry, even though the original vote against co-operating was six to one.

Aslef's main objection to the inquiry lay in its terms of reference, which specifically mention both the 3 per cent BR is withholding from Aslef and the crucial productivity issue of more flexible work rostering which is at the heart of the dispute.

A possible way forward would be to weaken the terms of reference to a bland form of words, such as "to examine the causes of the current British Rail dispute," to which neither BR nor Aslef could object since participation would not then involve any apparent weakening of their respective positions.

Such a solution would be poorly regarded by Acas. Senior officials originally rejected such a formulation because they thought these would allow the inquiry to dodge the issue.

Another idea being canvassed was for the inquiry's work to be divided into two parts—one on pay, one on productivity—though this might not find favour with BR and might exacerbate the difficulties with the two Acas understandings on these issues from last year.

Lord McCarthy also met leaders of the National Union of Railwaymen and the white-collar TSSA, and representatives of the BR board at a meeting at Acas headquarters.

The full BR board met yesterday. Hawkish proposals to take firm action to reduce losses arising from the series of Aslef strikes by suspending staff were defeated, mainly because of the efforts to get the inquiry underway.

One idea still under consideration for next Wednesday—a normal working day between the two Aslef strike days of Tuesday and Thursday—is to pay only those Aslef drivers who are able to work, and not those whose rosters have been disrupted by the closure of the network on the surrounding days.

The board received a detailed report on the effect of the strikes, which have cost the industry about £62m so far, according to BR. The real cost, including the permanent loss of business, will be higher. One railway industry estimate is £150m.

BR failed in two separate attempts yesterday to break the Aslef strike by using National Union of Railwaymen drivers to move trains. BR's second effort to run trains on the Aylesbury-Marylebone line was called off when NUR drivers failed to turn up for work at the stations, which were being picketed by Aslef.

Parliament, Page 9

Polish Church fears military clash

BY CHRISTOPHER BOBINSKI IN WARSAW AND RUPERT CORNWELL IN ROME

Poland's Catholic Church leaders have concluded that stalemate in the Polish crisis is destroying the chances that a political settlement will end martial law and that it is increasing the possibility of military clashes with the developing underground Solidarity union movement.

This was the message that the three top Polish churchmen took to Rome yesterday at the start of a week's talks with Pope John Paul II.

The visit by Archbishop Josef Glemp, the Polish Primate; Cardinal Franciczek Macharski from Krakow and Archbishop Henry Gulbinowicz from Wroclaw provides them with an opportunity to review, and maybe change, the Polish church's so far moderate stance.

The Church has become increasingly frustrated at the lack of progress in the talks it has held with the military authorities since the December 13 imposition of martial law. The Church is seeking resumption of negotiations with Solidarity leaders, the lifting of restrictions and the freeing of internees.

In the Church's view, stalemate is likely to fuel underground opposition by Solidarity activists which in turn could set off a new cycle of repression and mass arrests by the army rulers.

Social unrest can only be aggravated, the Church feels, as the impact of this month's drastic food price increases take effect and the country's economy fails to pick up. The price of many basic foodstuffs was increased by up to 400 per cent on February 1.

So far, the Church has generally taken its cue from the Pope. In the immediate aftermath of martial law, Pope John Paul II took a relatively restrained position, in the hope that behind-the-scenes diplomacy might produce a political solution. He has become steadily more outspoken as the crisis in his homeland has deepened.

Intense secrecy shrouded the first round of talks yesterday. Archbishop Glemp declined to make any statement to reporters at Rome airport. Vatican officials were also silent.

Although the Pope may step up his public condemnation of the military takeover—to strengthen the hand of the Polish Church in its dealings with the Polish Government—it remains to be seen to what extent the Vatican can risk being drawn into purely political negotiations.

An important consideration is the visit which the Pope is due to make to Poland this August.

The Polish Church was deeply disappointed with the speech by General Wojciech Jaruzelski, Poland's military leader, on January 25 which provided no clear indication of the direction the military authorities intended to take. Church representatives felt cheated, because the week before they had been told that the speech would contain concrete proposals for a political settlement.

Walesa call to followers, Page 2;
Soviet economy, Page 18

Cut pension investment overseas, says TUC

By Eric Short

THE TUC is to put pressure on pension fund trustees to restrict the investment of pension assets overseas and to channel funds towards UK industrial investment.

Mr Len Murray, TUC General Secretary, said in London yesterday that the TUC was in the process of drawing up appropriate guidelines on investment strategy with the full support of trade union member trustees—those trustees who have been appointed or elected by the trade union membership.

Speaking at a Financial Times conference on pensions, Mr Murray did not reveal any further details. But the guidelines are expected to be ready before the next TUC conference.

TUC policy spelt out in its 1982 Economic Review published earlier this week and reiterated yesterday by Mr Murray, is that the resources of British pensions funds must be used to revitalise British industry if the country is to survive as a manufacturing nation. The TUC wants the reintroduction of strict exchange controls and the establishment of specific limits on the proportion of pension funds that can be invested overseas. This proportion should be reduced over time.

Mr Murray also said yesterday that the TUC will urge trade union trustees to get their pension funds to co-operate in financing the establishment of local enterprise boards. These boards are being established by local authorities to regenerate local economies, using both local authority superannuation fund and private pension fund resources.

Conference report, Page 6;
Editorial Comment, Page 18

Continued from Page 1

O'Brien

Mr Young's experience of training is limited to his work as president of the voluntary Organisation for Rehabilitation through Training, which promotes vocational training.

He said last night that he was "obsessed" with the need to improve training, and that he believed equally strongly in the private sector and in the virtues of tripartism.

His appointment comes at a sensitive time for the continued existence of tripartite structures, as the TUC is now debating whether or not to remain involved in the tripartite National Economic Development Council.

The MSC was one of three tripartite agencies hived off by successive Conservative and Labour governments from the Department of Employment in the early 1970s.

The others were the Advisory, Conciliation and Arbitration Service, and the Health and Safety Executive. The aim was to improve administrative efficiency and to involve both sides of industry in matters such as youth training and apprenticeship, labour dispute conciliation, and safety standards.

The Industry Department will now be looking for an industrial advisor to replace Mr Young.

RAF fuel cuts may save £25m

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE FUEL rationing applying to virtually all Royal Air Force flying is expected to save the Defence Ministry £25m in the current financial year.

Rationing was introduced to the RAF and the other services' operations—towards the end of 1980 as part of the ministry's attempt to curb overspending.

Members of the Commons select committee on defence, following a recent visit to British forces in West Germany, criticised cuts in pilot training. They said new equipment was lying idle because of lack of fuel.

Mr Jerry Wiggin, junior Defence Minister, confirmed this week that the fuel reductions applied to "fast jet, maritime patrol, tanker and transport aircraft, and to helicopters." He refused for "security reasons" to give the number of hours' flying that had been reduced.

In addition to the £25m savings, Mr Wiggin said there would be "a rather smaller reduction in expenditure on overhaul and repair."

Sir Frank Cooper, Permanent Under-Secretary at the ministry, told the Commons public accounts committee last week that overall savings resulting from the Government's emergency measures in 1980-81 had been £450-£500m.

Fuel cuts (presumably for all three services) had saved £100m, a three-month moratorium on contracts had saved £100m-£150m, and £15m-£20m savings had been achieved from the subsequent period of "severe restraint."

General works not undertaken had saved £75m, while the ministry's decision to pay its bills monthly instead of weekly, instituted in March, had rolled over a further £150m.

The 1980-81 net overspend had finally turned out at £64m Sir Frank said. He believed the ministry would be within budget in the current year.

Social democrats Continued from Page 1

ing, and regarded its scope as too narrow since it failed to go to root causes.

Faced with a choice of voting for or against, however, the party decided by an overwhelming majority to vote for the Bill. But he admitted that there was some reluctance, because of the controversial personality of Mr Norman Tebbit, the Employment Secretary, and because of concern that the Bill would be branded as anti-trade union.

Mr Bill Rodgers, one of the party's collective leadership, will speak for the SDP in the debate on the Bill. He is known to take a strong line in favour of trade union reform.

A few of the ex-Labour MPs in the party, particularly those with previously strong union connections such as Mr John Grant, MP for Islington Central, are known to have had reservations.

The party's decision reflects a desire not to be branded as indecisive on the issue, together with a recognition that there is apparently strong public support for industrial relations legislation.

Dr Owen said that SDP MPs would press for further reforms.

Brokers can join financial futures exchange

BY CHRISTINE MOIR

STOCKBROKERS and jobbers will be able to join the London International Financial Futures Exchange when it opens in September, but only under tight financial constraints and on terms which will put them at a disadvantage compared to other members.

The terms for entry to the exchange were detailed in a letter sent yesterday by Mr Norman Kemp, the Stock Exchange Secretary, to senior partners of member firms. It says:

● Although the market allows members to act both on their own behalf and for clients "jobbers will not be allowed to act as agents in the financial futures exchange . . ." and "brokers will not be allowed to deal as principals, ie take a position on their own behalf."

● Members firms "can only become members subject to the prior approval of the (Stock Exchange) Council through wholly owned subsidiaries with limited liability" or through consortia in which the member firms have "a minority holding and control."

● "Business on the financial future exchange will not be within the terms of the Stock Exchange Compensation Fund" and "records and accounts should be segregated."

The terms are soon to be translated into formal Stock Exchange rules.

They will not be the Stock Exchange's last word on the matter, however. The Council is still reserving its final position on whether to allow member firms to operate on the financial futures exchange at all, because several problems remain outstanding.

However, it is working closely with the Steering Committee of the financial futures exchange and hopes to solve the problems "in a mutually satisfactory way."

Meanwhile yesterday's guidance note will help member firms to decide whether or not to apply to join the market when applications for the second round of seats close on February 15.

First reactions were of disappointment. The requirement that business be conducted within separately constituted subsidiaries at arms' length from the broking or jobbing parent means that member firms will have to find £100,000 of free capital to become ordinary members or £500,000 if they wish to become clearing members.

The Stock Exchange has provided some relaxation by permitting member firms to join consortia either with other members or outsiders, but the fact that control must stay with the member will inhibit many plans.

The Stock Exchange's insistence on separating agency business from that of a principal will put its members at a severe disadvantage against other members the financial futures exchange who may act in either capacity. It will also be difficult to police.

But the Exchange has little choice in the matter since separation of capacity is one of the main principles which it is due to defend before the Restrictive Practices Court.

Tokyo may admit foreign securities houses

BY RICHARD C. HANSON IN TOKYO

THE TOKYO Stock Exchange will consider allowing foreign owned securities houses to become members of the exchange. A members committee will begin formal consideration of the matter next week and it may be put to a vote of the membership at its next regular meeting in November, or sooner at an extraordinary meeting.

Several foreign securities houses, including Merrill Lynch, the U.S. giant, are interested in joining the Tokyo Exchange, though it is not clear what form such membership would take.

Five foreign companies already hold licences to engage in securities business in Japan.

The exchange authorities' decision to consider lifting the ban on foreign membership of the exchange came sooner than had been expected, to some extent though there has been much foreign criticism recently of its membership policy.

There are 83 member-firms of the Tokyo exchange, the second largest stock market in the world after New York in volume of transactions.

The votes of three-quarters of the members would be needed to overturn the rule which prevents foreign-owned companies from joining.

Even if the members vote to admit foreigners, a number of hurdles will remain before a foreign broker can actually join.

The biggest problem is that the number of members is fixed at 83. So a foreign securities house would either have to take over an existing member, or form a joint venture.

There is a precedent for the former means of entry to a financial market in Japan. Marshalls, the international money broker, bought a small exchange broking house last year to join the Tokyo foreign exchange market.

The heavy cost of membership is another obstacle.

Unlike the New York exchange, membership in Tokyo is on a corporate basis, and levies on members could amount to as much as Y10bn (£23m) roughly 10 times the cost of a seat in New York.

A foreign member would also have to meet the set staffing requirements of membership.

Despite these difficulties Merrill Lynch appears to be lobbying hard to be allowed in.

It is also interested in a recent invitation from the Osaka Stock Exchange to become a member, though it will probably wait for the Tokyo exchange to clarify its intentions before deciding.

Weather

UK TODAY

CLOUDY, but sunny intervals in central and eastern districts. Mild.

London, S.E., E. England, Midlands
Fog patches early, mostly dry with sunny intervals. Max 10C (50F).

N.W., S.W. England, Wales
Rather cloudy, perhaps a little rain. Max 10C (50F).

N.E. England, Borders
Mostly cloudy with a few sunny intervals. Max 8C (46F).

Rest of Scotland, N. Ireland
Cloudy with occasional rain or drizzle. Max 7C (45F).

Outlook
Rather cloudy, rain chiefly in the North and West.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Locarno	F	3	37
Algiers	S	19	66	London	S	11	52
Amsdm.	C	5	41	L. Ang.†		—	—
Athens	C	7	45	Luxmbg.	C	2	36
Bahrain	S	23	73	Luxor	S	18	64
Barclna.	F	14	57	Madrid	C	9	48
Beirut	C	8	46	Majorca	F	15	59
Belfast	C	8	46	Malaga	F	16	61
Belgrd.	F	0	32	Malta	S	13	55
Berlin	a	−3	27	M'chstr	C	7	45
Biarritz	C	17	63	Mx. C.†		—	—
Bmghm.	C	7	45	Miami†	R	22	73
Blackpl.	C	9	48	Milan	Fg	−1	30
Bordx.	C	12	54	Mntrl.†	Sn	−5	23
Boulgn.	S	9	48	Moscow	C	−4	25
Bristol	C	8	48	Munich	S	0	32
Brussels	C	7	45	Naples	S	8	46
Budpst.	S	5	41	Nwcstl.	C	5	41
Cardiff	S	9	48	N York†	C	9	46
Cas'b'ca	S	23	73	Nice	F	8	48
Cape T.	S	24	75	Nicosia	S	11	52
Chicg.†		—	—	Oporto	C	18	51
Cologne	F	4	39	Oslo	Sn	−5	23
Cpnhgn.	C	−3	27	Paris	S	12	54
Corfu	S	13	55	Perth	S	41	106
Denver†		—	—	Prague	F	−4	25
Dublin	C	8	48	Rykjvk.	R	8	45
Dbrvnk.	S	8	48	Rhodes	S	8	46
Ednbgh.	C	10	50	Rio J'o†		—	—
Faro	C	17	63	Rome	S	11	52
Florence	S	5	41	Salzbrg.	C	1	34
Frankft.	S	0	32	S'cisco†	C	5	41
Funchal	C	17	63	S'tiago†		—	—
Geneva	R	3	37	Stckhm.	S	−8	21
Gibrltr.	C	15	59	Strasbg.	C	1	34
Gl'sg'w	C	9	48	Tangier	S	19	66
G'msey	F	8	46	Tel Aviv	R	10	50
Helsinki	C	−4	25	Tenerife	C	21	70
H. Kong	S	23	73	Tokyo	C	10	50
Innsbrk.		1	34	T'r'nto†	F	−14	7
Invrnss.	F	8	43	Tunis	S	18	64
I.o.Man	C	7	45	Valencia	C	12	54
Istanbul	Sn	0	32	Venice	S	3	37
Jersey	F	9	48	Vienna	S	−2	28
Jo'burg	S	27	81	Warsaw	S	−3	27
L. Plms.	S	19	66	Zurich	F	1	34
Lisbon	S	15	59				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow. T—Thunder. † Noon GMT temperatures.

THE LEX COLUMN

Croda throws off its cover

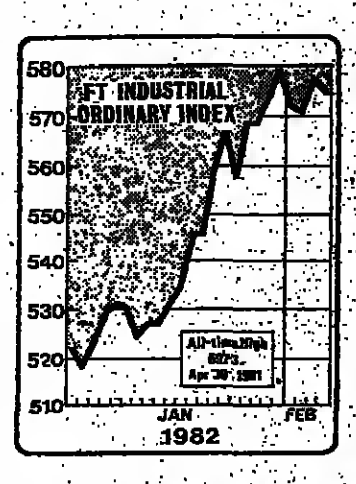
Croda International has spent weeks banging on about the financial imprudence of unwanted bidder, Burmah Oil. It may now have laid itself open to similar charges. Less than a year ago, it admitted that 1980's dividend payment had been maintained as a gesture of faith in the future. Last month, it promised that 1981's payment would rise by more than a fifth, and yesterday — one month into the new financial year — it forecast an increase in 1982 from 3.75p to 7p net per share.

That payment will cost £7.4m — plus, probably, some unrecovered advance corporation tax. There will have to be a very substantial rise in historic cost profits from 1981's £10.1m pre-tax to warrant such a payout, and there is little chance that it will be covered by current cost earnings.

The thinking behind the announcement is obvious. The first closing date of Burmah's 70p per share offer passed yesterday with a modest level of acceptances, but thanks to its original market raid the bidder now has some 18 per cent of the shares under its belt. Another raid this morning at, say, 80p per share could have put Croda in big trouble.

Instead, the dividend forecast bounced the shares up 10p to 84p, where the prospective yield is nearly 12 per cent. Burmah's present offer is now a dead duck, but Croda is going to have to go into a great deal of convincing detail to justify yesterday's decision.

Index fell 3.2 to 574.8



PSBR

Next to the U.S. budget deficit the British public sector borrowing requirement looks like pocket money. Still, on a day when the London markets were glancing nervously at the run-up to last night's 30-year bond offering in New York, it was some encouragement to see that the pocket money is under control.

In the third quarter of the 1981-82 financial year the seasonally adjusted PSBR was a mere £0.2bn, taking the nine-month total to £9.7bn. Clearly, the forecast of £10½bn for the full year is not going to be greatly overshot, although there is room for a good deal of disagreement about what the present quarter will produce.

But for the civil service strike the nine-month figure would be below £7bn (against £11¾bn at the same stage in 1980-81), and the division of outstanding unpaid tax receipts between the end of this year and the beginning of next is hard to forecast. A move into substantial deficit by the local authorities is also quite possible in the last quarter. So far this year they have been amazingly restrained, repaying an unadjusted £0.4bn of debt in the third quarter alone.

It may not matter much, for by the time the fourth quarter figures are announced the Budget will be history and the markets will be concentrating on the progress being made with the 1982-83 PSBR. The latest figures confirm the impression that the Chancellor has a considerable amount of elbow room in choosing a PSBR target for the coming year. On top of the £1bn or so of delayed tax revenues that belong in the current year but may well fall in 1982-83, next year will be flattered by the absence of £¼bn of additional interest incurred during the strike. There are also likely to be higher asset sales—by as much as £1bn—than in 1981-82. It will be perfectly possible to announce a lower absolute target for the PSBR which represents an underlying rise.

Tokyo members

The pressure on Japan to reduce non-tariff barriers has made itself felt in the most unlikely place. The Tokyo Stock Exchange, renowned for its intransigence, is to consider the removal of rules against foreign membership.

Until now, the TSE has indicated that foreign applicants would not be considered until the mid-1980s at the earliest. Domestic firms are queuing up for any gaps in the 83-seat body and the TSE has said that it wants to reorganise Japan's stock exchange structure before reviewing the foreign membership issue. The Japanese Ministry of Finance has presumably had a hand in the TSE's public volte-face.

The international strides of Tokyo's own financial institutions have exposed the absence of reciprocal arrangements for foreign companies in Japan. Merrill Lynch, for example, stepped up its lobbying for a place after Nomura, Japan's biggest securities company, won a seat in New York.

The TSE's decision will certainly not open any floodgates. A Tokyo seat costs a cool £23m. The amount of commission which foreign securities dealers need surrender to TSE members will have fallen from 50 per cent to 27 per cent by this autumn, so the initial cost could only be justified by a very high turnover. And, with the overall number of seats still frozen, foreign companies may need to take over a domestic firm—not always a simple operation in Japan. Merrill will probably take the plunge but it may be alone.

Smith Bros.

Smith Bros' half-year results extend to late October, one month beyond those of Akroyd and Smithers, and they provide little evidence that the jobbers were able to benefit from the rapid recovery in equity prices after Black Monday. So Smith's buoyant pre-tax profits of £1.4m a year earlier have been transformed into a loss of £0.8m, which compares with the £0.9m loss at Akroyds in the similar period. It looks as if the September/October period was simply too volatile for Smiths, regardless of the direction of the market. With investors all moving violently one way, the firm did not have the capital base to hold on to positions long enough and was forced again and again to bail out at a loss.

That said, the damage could have been a lot worse. After tax offsets, the reduction in reserves adds up to £0.36m, and given retentions of £0.6m last year and a better trading environment in the current half Smith feels able to pay out some dividend, albeit at half the level of last year. The worry is that the concentration of investment funds could make one-way markets more frequent. There is no more room for shrinkage in the jobbing market, and those jobbers left are good—otherwise they would not have survived. They have the strength to absorb such setbacks every few years. But no more often than that.

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V G H